Daily Report

Latin America

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FBIS-LAT-92-144 *27 July 1992*

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Peru

Lima TV reports that "due to the recent terrorist attacks in the capital," the state of emergency in Lima and Callao has been extended another 60 days.

Lima Radio/TV carries President Fujimori's address on measures against terrorism. Fujimori calls recent Shining Path attacks "a desperate attempt to recover the ground they have been losing" and says "Shining Path has resorted to genocide to incite the public order forces into undertaking a major and indiscriminate escalation of repression." Fujimori states, "Effective right now, terrorist acts... will be considered acts of treason..." and terrorists "will be tried by military courts..." in order to convict terrorists "rapidly" and "ensure" their imprisonment. Fujimori states in cases dealing with Shining Path leaders, "a drastic sentence will lead to a progressive dismantling of their leadership." The government, Fujimori says, is to "exercise absolute control" over the sale and import of ammonium nitrate which is used in car bombs. After 25 July, "possessing, transporting, or marketing ammonium nitrate will be considered-...possession of a war weapon..."

Lima radio carries an interview with Defense Minister General Victor Malca and others in which they discuss the president's address on terrorism. He states, "Capital punishment for the crime of treason against the state is a possibility that the president has suggested." Although in order to implement that, Malca says, "we would have to issue a special provision or amend the Constitution to include the civil war." Regarding trial by military courts, Dr. Juan Portocarrero, penal expert, believes, "There will be no impartiality here," since soldiers are "the most affected" by terrorist policy.

Brazil

FOLHA DE SAO PAULO reports that President Collor "showed little interest in the issues brought to him by his ministers" during the few weeks prior to his trip to Spain. Several sources carry articles on the possibility of impeachment. O GLOBO states that the leaders of the opposition parties have begun to study the methods for requesting an impeachment. O ESTADO DE SAO PAULO reports that the Brazilian Lawyers Association and the National Conference of Brazilian Bishops "do not plan on becoming signatories to the request" for impeachment. The attorney general, members of the CPI, and the armed forces also voiced their opinions regarding the possible impeachment of President Collor.

ISTOE SENHOR carries an interview with Vice President Franco. Franco states that he does not find the investigation of his private life unfair "as long as the investigation is done with (his) consent."

According to O GLOBO, the CPI already has evidence that PC Farias, through one of his companies, was "supplying funds to the bank accounts used by Secretary Ana Acioli..."

VEJA reports on former Deputy Sebastiano Curio Moura's links with PC, businessman Luiz Adelar Sebastiao, and ultimately, President Collor.

Mexico

Madrid TV carries an interview with President Salinas on relations with the United States and Spain. Salinas details Mexico's "provisions" regarding the talks with the United States stemming from the U.S. Supreme Court ruling. On the North American Free Trade Agreement, he believes as a result, "Spain could have, through Mexico, greater influence in North America, and Mexico in the EEC, through Spain. There could be reciprocal benefits."

El Salvador

DIARIO LATINO reports FMLN leader Jorge Shafik Handal has said "the fulfillment of the agreements is undergoing a crisis and that the FMLN will not be able to demobilize the next 20 percent of its forces if the delays continue." Specifically, Handal "mentioned the legalization of the FMLN as a political party; an agreement that should have been fulfilled on 1 May..." A number of other agreements "are not being fulfilled as they should", he added. In a related San Salvador TV report, FMLN Commander Roberto Roca reiterated much of what Handal stated. Roca stated the "delays" "will endanger the execution of other agreements..." Roca added the delays may be "due to external problems that are deeply ingrained in the government or ARENA." San Salvador radio reports that ARENA President Armando Calderon Sol "has demanded that the FMLN demobilize the second 20 percent of its former fighters." Regarding the FMLN's statements he stated, "We are not going to get anywhere with an attitude like that."

Inter-American

DIARIO LATINO reports the directorate boards of the URNG of Guatemala, FMLN of El Salvador, and FSLN of Nicaragua met in Managua to discuss their "peace processes" which are "linked by historical, social, and political similarities. Therefore, anything that affects just one of them has a negative impact on the region's peace process." A statement was issued which expresses support for the peace processes in the three countries and is to be delivered to the "United Nations, the OAS, the Central American governments, the U.S. Government, the EEC, and all the other governments, political groups, and movements that have voiced their concern and solidarity with the Central American peace process." Further meetings are to take place on a "regular basis."

URNG, FMLN, FSLN Meet, Sign Document

PA2607235992 San Salvador DIARIO LATINO in Spanish 24 Jul 92 p 7

[Document issued by the directorate boards of the Guatemalan National Revolutionary Unity, URNG, Farabundo Marti National Liberation Front, FMLN, and Sandinist National Liberation Front, FSLN, in Managua on 21 July]

[Text] A meeting of directorate boards of the Guatemalan National Revolutionary Unity [URNG], the Farabundo Marti National Liberation Front [FMLN] of El Salvador, and the Sandinist National Liberation Front [FSLN] of Nicaragua was held in Managua on 20 and 21 July.

The participants exchanged views on the regional situation prevailing in Central America and, particularly, on the peace processes in those countries.

It was agreed that the peace processes in the three countries began at the same time and are therefore part of the same phenomenon, linked by historical, social, and political similarities. Therefore, anything that affects just one of them has a negative impact on the region's peace process.

Consequently, the FMLN and the URNG expressed their full support for the Nicaraguan people and the FSLN, which—although it sponsored free elections in 1984 and 1990 and carried out a peaceful change of government for the first time in history—is once more affected by the interventionist policy of U.S. authorities, who sponsor the imposition of an economic model that jeopardizes the nation's interests; who have tried to dismantle the Armed Forces; and who have withheld funds, thus deepening the economic and social crisis that affects the Nicaraguan people. The withholding of funds does not cultivate trust and stability in the region's peace process.

Likewise, it was agreed that the consolidation of a firm and lasting regional peace is not possible without peace in Guatemala.

It was agreed to offer support to the Salvadoran people, the FMLN in particular, in their efforts to guarantee the implementation of the peace accords signed in Chapultepec, Mexico on 16 January 1992. The following are considered essential to achieving that objective:

—The implementation of agreements that guarantee the return of former fighters to civilian life and which give them access to land, credit, housing, and so forth must no longer be delayed.

—The FMLN's legal registration as a political party must be guaranteed without subterfuge.

—The agreements for the Army's reduction and purge and the agreements for the creation of a new national civil police must be fully implemented.

The three organizations assessed Guatemala's current situation; expressed their support for the URNG's proposals to continue with the negotiation process; and enumerated the following as being urgently necessary:

—The increase in human rights violations, as well as the impunity with which the regime's security forces act, must stop.

—The dialogue for a peaceful solution to the armed conflict must include the full participation of all groups that comprise Guatemalan civilian society, and no obstacles must be created to delay the negotiation process.

Likewise, it was agreed to deliver the statement to the United Nations, the OAS, the Central American governments, the U.S. Government, the EEC, and all the other governments, political groups, and movements that have voiced their concern and solidarity with the Central American peace process.

Once the peace processes were evaluated, it was also agreed to hold meetings on a regular basis to unite efforts in the struggle for full democracy, stability, and peace in Central America.

Managua, 21 July 1992.
Daniel Ortega Saavedra, Secretary General of the FSLN.
Commander Francisco Jovel (Roberto Roca), member of the FMLN General Coordinating Board.
Commander Rolando Moran (Ricardo Ramirez), member of the URNG Coordinating Board.

Cuba

National Moncada Barracks Celebration Postponed

FL2407141092 Havana Radio Progreso Network in Spanish 1100 GMT 24 Jul 92

[Excerpt] The Politburo of the Cuban Communist Party Central Committee has decided to award the host site of the national ceremony for the 39th anniversary of the attack on the Moncada and Carlos Manuel de Cespedes Barracks to Cienfuegos Province. Taking into account the extraordinary work with the masses and the outstanding advances of the work of the revolution in th province during the current year under the complex and difficult conditions of the special period, the national ceremony will be held at a later date to be decided. [passage omitted]

Several Power Plants Use Domestic Crude Oil

FL2407134992 Havana Radio Rebelde Network in Spanish 1155 GMT 24 Jul 92

[Text] The Electric Union has reported that despite the daily power cuts, both the residential and state sectors used too much electricity during the first 20 days of July. They overshot by 4 percent the amount of this essential energy that they should have consumed during that period. The Electric Union points out that only Havana, Villa Clara, Holguin, and Granma Provinces—as well as Isle of Youth Special Municipality—stayed within the plan. The preparations effected at the thermoelectric plants in Mariel, La Habana del Este, Matanzas, and Santiago de Cuba stand out as part of the national effort to make rational use of energy resources. These plants' units of 50 megawatts or less are now using Cuban crude oil.

More on Use of Crude Oil

FL2707002192 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 26 Jul 92

[Commentary by Miguel Angel Rivata]

[Text] Good evening. In the course of the month, more than 35 percent of the total amount of fuel set aside to generate electricity has come from national crude oil. This is an increased ratio of the use of Cuban oil, which has been possible through the efforts made by our petroleum workers in oil exploration and extraction and by the adjustments that specialists and operators have made in the thermoelectric plants of Mariel, Santa Cruz, Rente, and Jose Marti in Matanzas Province to adapt technical conditions to the use of national crude oil. This is an effort that was made jointly to maintain, despite economic limitations, the generation of electricity in the country, which in more than one percent [words indistinct] exactly.

The limited availability of fuel in the country has determined that we limit the generation of electricity and, therefore, the consumption as well. The plans that were established by the provinces have been violated alarmingly since June because of vacations and the suffocating summer heat. Only five provinces have met their plans; they are Havana, Villa Clara, Holguin, Granma, and Isle of Youth.

Since there is not enough oil available, if we violate the electricity consumption plans the only reasonable solution is to impose the bothersome power outages on provinces and municipalities in accordance with their excess consumption. The provinces that meet their consumption plan will not be affected by power outages.

During these holidays, when almost everybody is at home, we can see for ourselves that if we eliminate the lavish use of electricity, the power outages will disappear or, at least, be of reduced duration. I therefore propose that we diligently watch our consumption during these days so that later on we can check the results. Until then, thank you and good night.

Electric Union Official Explains Power Rationing

PA2507195192 Havana Radio Havana Cuba in Spanish 0100 GMT 22 Jul 92

[Report on interview with Lidio Ramon Perez, deputy general director of the National Electrical Union, by Marianela Samper at the Cuban Basic Industries Ministry; date not given—passages within quotation marks are recorded]

[Text] We spoke to Lidio Ramon Perez, deputy general director of the National General Electrical Union. The interview is on what steps are being taken in Cuba to cut back on electricity consumption taking into account existing oil stocks.

[Perez] "The fuel availability for July—made worse by delays in imported oil—forced the whole country to have set predetermined electricity production levels. Each province was assigned its top consumption figure, for both the state as well as the private sector. For example, the current power outage scheme for the city of Havana has been modified to protect production and services that are directly linked to the population.

[Samper] "This is programmed for the various municipalities in the capital and we notice that under the new programming early hours are not affected.

[Perez] "That is correct. There are no power outages scheduled between 0000 and 1400. This allows production and services to organize. There are no scheduled power cuts for Saturday nights or Sundays provided the municipalities keep within the assigned quota consumption levels. The scheme that has been applied in Havana will be in effect throughout July."

[Announcer] Assigned power consumption levels are controlled throughout Cuba by power dispatchers. When a province exceeds the preestablished amount, it will require

to make up for this excess the next day, taking into account the social and economic interest of each locality.

[Perez] "Fuel unavailability could impose upon us greater power cutbacks. We need to be prepared and organized for this. We must supply electricity where it is basically needed. For example, electric power cannot fail in places such as hospitals, aqueducts, cold storage plants, food manufacturing industries, hotels, or any other activities that involve tourists, in addition to other social and economic activities."

[Announcer] The National Electrical Union deputy general director said that the state sector has reduced power consumption by more than 25 percent. Aside from power cuts to big consumers who surpass their limit, fines are levied against those who unjustifiably surpass their preassigned quota.

Currently, the residential sector consumes approximately 40 percent of the total power produced by Cuba. More than 2.5 million homes—both in the city and in rural areas—receive this service. For over a year now these homes have a monthly kilowatt-hour plan that takes into account their previous consumption record. Ninety percent of these homes have made overall savings during the first six months, thus average consumption has diminished more than 15 percent.

[Samper] "One final question, Lidio, power blackouts are a bother to the population and state consumers. Is it a characteristic of Cuba, or is it a step any country in the world can apply in the case of power generating problems?

[Perez] "Many countries have been forced to apply similar measures. In some places it is done one way, in other places it is done differently. We have found ourselves in this situation and we try to do the best we can, in the most organized way possible. Production and services can organize themselves. We are trying hard; we know that we should strive to avoid power outages. Power outages have a direct bearing on production, on the residential sector, and on just about everyone. Up to now we have tried to keep an acceptable level in electric power generation. Fuel difficulties exist and we are preparing ourselves in case these difficulties worsen."

You heard Lidio Ramon Perez, deputy general director of the National Electric Union.

Havana Province Holds People's Councils Meeting

FL2507174592 Havana Radio Rebelde Network in Spanish 0900 GMT 25 Jul 92

[Report by Demetrio Villaorrutia—live or recorded]

[Text] [Villaorrutia] The first provincial meeting of People's Council presidents of Havana Province has just ended. This meeting was attended by the presidents of the People's Councils, and also by the presidents of the People's Governments of each province. Note that Havana Province already has 62 People's Councils up and running. One of them, the Aguacate People's Council, was highlighted at this meeting, for being one of the most outstanding. That is why I am talking to (Carmen Elena Gonez), the president of the People's Council of Aguacate.

Carmen, I would like for you to tell me, specifically, what results have been achieved through this council?

[(Gonez)] Well, although the results are not optimal, we do have some. We have taken care of 199 of the population's transactions, so that the population does not have to go out to the administrative center of the municipality or to other provinces to resolve everyday problems such as a document, or a declaration of heirship, and so forth. All that is already being taken care of by the council. Also, as regards health, we have 11 specialities. Before the council existed there were five. There are now 11 specialities, and as a result, 9,972 patients have not had to be moved to the city of Havana.

As regards the self-sufficiency plots, the one-caballeria municipal vegetable garden is now a four-caballeria garden; and production has risen from 572 quintals of tubers in 1989 to 5,552 quintals at present, which go directly to the population. And along with the production that the State Collection Enterprise is delivering to us, the population is already getting 18 pounds. (?Of these) five (?are) now furnished by the council.

In addition to this, we are already working with the area chiefs, who are going to begin Monday—for they are at present [words indistinct]—to link the small farmers with the small produce markets.

[Villaorrutia] If you had to name your council's most important achievement, what would you say?

[(Gonez)] That there are now very few services or transactions for which the population now has to go beyond the council, out of [word indistinct].

[Villaorrutia] And what do you feel is left to do?

[(Gonez)] To be able to make the population self-sufficient in food.

[Villaorrutia] Thank you very much.

Specialists Go to Brazil for Medical Aid Project

FL2407182792 Havana Radio Rebelde Network in Spanish 1700 GMT 24 Jul 92

[Text] Dr. Carlos Dotres and four other Cuban specialists will leave today for Brazil to participate in selecting the first group of people who will travel to Cuba for continued treatment for radiation exposure. The visit of a group of Brazilian specialists concluded last night in Havana. They stated that they were satisfied with Cuba's ability to treat the injured people.

Cooperation Agreement Signed With Zimbabwe

PA2507171592 Havana Radio Havana Cuba in Spanish 1300 GMT 22 Jul 92

[Text] Cuba and Zimbabwe signed an agreement in Harare aimed at increasing bilateral trade and technical exchange. The agreement includes the execution of several joint projects.

The document encompasses joint cooperation in areas such as education, agriculture, animal investigation, tourism, and mining.

Zimbabwean Higher Education Minister Tan Mudenge pointed out in Harare that conditions are set for greater cooperation and trade between both countries.

Dominican Republic

Commentary Praises Balaguer Summit Speech

FL2407195192 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 24 Jul 92

[Station commentary: "Balaguer in Madrid—A Pithy Speech"]

[Text] On 23 July, Dr. Joaquin Balaguer gave a very concise speech to the heads of state at the Ibero-American Summit being held in Madrid. In his speech, broadcast live to the world—an auditory achievement made possible by the marvelous electronic communications media—he again demonstrated an attitude of vitality, maturity, and awareness. The constitutional president of the Republic surprised the meeting attended by honorable American intellectuals and notable speakers.

Analyzing, pondering, or praising Dr. Joaquin Balaguer's focused message cannot be done in just a simple commentary, but its outstanding aspects can be cited. President Balaguer clearly called our attention to the fact that America cannot and should not attend meetings with fixed ideas about overcoming economic and financial difficulties. The Dominican head of state correctly insisted that it is more urgent to safeguard the Spanish symbols—culture, language, traditions, and customs—that identify our lineage. There is complete awareness in emphasizing the urgency of preserving the moral and spiritual values that distinguish our people as a way to achieve authentic progressive goals.

Dr. Joaquin Balaguer's speech was given at a time when the majority of Hispanic-American governments are attributing the causes of their crises or limitations to the economy. The president is right. Dreams of progress and achievement are not enough when the people do not appreciate their roots and origins. Latin America will be controlled, conditioned, and limited in its efforts to surmount all difficulties if it does not rigorously defend its rich heritage.

The message implicit in Dr. Joaquin Balaguer's speech has been correctly understood by open-minded men and women. Undoubtedly, Dr. Joaquin Balaguer's speech, given on 23 July to Madrid, is a fervent call to awaken the Ibero-American people. It is appropriate to call it a focused speech.

Haiti

Prime Minister Bazin Appears Before Parliament

FL2407163992 Port-au-Prince Radio Metropole in French 1100 GMT 24 Jul 92

[Passages within quotations in Creole]

[Excerpts] Marc L. Bazin appeared before the parliament on the afternoon of 24 July. The prime minister answered an invitation from the lower chamber. He was asked questions about the incident that occurred at the School of Medicine and the acts of violence recorded over the past days in the country. Bazin promised to set up a permanent human rights committee. Its main purpose will be to rule on and find solutions to the acts of violence occurring in the country. Let us listen to a report by Ansyrose Resignac.

[Begin recording] [Resignac] Deputy Samuel Madistin explained that it is not in a spirit of fierce opposition to the government that we demanded the presence of the prime minister. There are two reasons at the root of this summons: The survival of the nation and the happiness of the Haitian people.

For his part, the prime minister said that the summons was justified, but that he did not appreciate the circumstances under which the dialogue with the parliamentarians has resumed. Remember that the government's version of the events at the School of Medicine is slightly different from the deputies, who took the initiative (?of sending for the prime minister). Whereas, they think there was a violation of the university campus, the government team thinks it was not a question of that. (?However), that does not prevent them from deploring and condemning the incident while reaffirming their willingness to see that human rights and the principle of inviolability of the university campus are respected.

Marc Bazin did not promise that human rights would be 100 percent respected. The head of government, however, announced that a permanent human rights committee would be established soon, aimed at deterring the climate of repression. It will be responsible for compiling the various violation cases in this field and making appropriate recommendations to the concerned authorities. Bazin also promised to give the necessary orders to the forces of order, while pointing out their obligation to prohibit or, at least, intervene when there is a risk of confrontation. He stated that the School of Medicine had been used for other purposes. By evoking Article 34.1 of the Constitution, it sent out what looks like a warning and a call for the pacifist path.

[Bazin] "What happened at the School of Medicine is not an isolated incident. Other things have happened. Innocent people have died. They were killed by stray bullets and no one knows who shot them. We think that violence leads to violence." True democrats must condemn any form of violence.

[Resignac] It is not enough for the government to condemn violence. Deputy Samuel Madistin discovered a certain degree of irresponsibility by the prime minister in the measures announced and the attitude adopted by the government. [passage omitted]

The L'Estere deputy [Madistin] finds it normal that students should meet within a university building on questions concerning their country and deplored the Bazin's justification of the acts of violence perpetrated against them. The prime minister, however, said that his government has done nothing contrary to its mission so far. Marc Bazin nevertheless admitted that measures must be taken against operations of armed civilians.

[Bazin] "Regarding the question of armed civilians, the government will take measures so that it does not reoccur." [passage omitted]

[Resignac] (?There are good reasons) for pointing out the particularities of this session, which was a little turbulent and marked by some pranks. It was interrupted for some minutes and Deputy Gabriel Sanon was denied the right to speak by the office due to his behavior which was deemed not in accordance with the chamber regulations. Deputy Marie-Junie Creve-Coeur's remarks, her first ones since she was sworn in as a deputy, are noteworthy: The Army is a necessary evil. By the way, the opposing deputies were not at a loss in finding a title for Bazin: Mr. First Official of the Public Administration, Mr. De Facto Prime Minister, and Mr. Prime Minister. Anyway, Mr. Bazin did not influence the deputies who had solicited his presence at the lower chamber on 23 July.

[Unidentified deputy] President, we have a list of questions but we are not really interested in asking them because we feel that there is a danger of assuming responsibilities. We are living in a....[changes thought] We understand, we understand Mr. Bazin. Times are difficult. There are statements that might jeopardize you. Thus, I understand the situation. President, I will not continue. [applause] [end recording]

Ministry Staff Seeks Resignation of Minister

FL2407172292 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 24 Jul 92

[Excerpts] Employees at the Ministry of Information stopped working on 23 July and asked for the resignation of the minister, Andre Calixte and all the members of his cabinet in reaction to a statement made by the minister on television. He said that most of the employees are incompetent. In the middle of the protests, several members of the lower-level staff asked the prime minister to appoint a new information minister so the ministry can work under better conditions. Employees at the Ministry of Information have decided to maintain their stand until they are satisfied. They assert that the entire ministry is involved in the movement. [passage omitted]

According to the head of the cabinet at the Ministry of Information, Hugues Andre Chrisostome, the minister's statement is justified by the fact that the ministry wants to properly manage the resources available within the institution. Chrisostome said it was not the first article on the functioning of the Ministry of Information and that the true cause of this discontent is perhaps some employees who did not read the article and who are afraid of losing their jobs. The head of the cabinet of the information minister thinks there is an interpretation problem. [passage omitted]

This uprising has occurred at the Ministry of Information one day after Minister of Information Andre Calixte said on Television Nationale d'Haiti that 64 percent of the employees are incompetent, that 15 percent have reached the baccalaureate level, and that 8 percent have been to the university.

Justice Ministry Announces Creation of Committees

FL2407172892 Port-au-Prince Radio Metropole in French 1600 GMT 24 Jul 92

[Excerpt] The justice minister has announced the creation of two new committees. An inter-ministerial committee for the reinstatement of mayors-elect is made up of Moise Innocent, coordinator; Guy Michel Pradieu, representative of the Ministry of Justice; and Lieutenant Colonel Leopold (Clairjeune), representative of the Haitian Armed Forces.

By the way, to confront the thorny question of justice in the country, Minister Senatus has announced the creation of a new committee which will be in charge of controlling the situation of human rights in the country. This permanent committee will be composed of members stemming from all components of society. Minister Senatus means to discourage the agents of repression in the country by creating this committee beyond the control of the government. [passage omitted]

Salinas on Summit, Relations With U.S., Spain

PA2407215992 Madrid TVE International Television in Spanish 0500 GMT 24 Jul 92

[Interview with President Carlos Salinas de Gortari by correspondent Maria Jose Ramudo at Los Pinos Government Palace in Mexico City; date not given—recorded]

[Text] [Ramudo] One of the events that has had a big impact on Mexico in recent weeks or months has been the U.S. Supreme Court ruling authorizing the kidnapping of citizens in foreign countries.

In this regard I want to ask you two questions. The negotiations between the Mexican and U.S. delegations have concluded without positive results. Could this have a negative effect on the talks for the signing of the free trade agreement? My second question: If the blockade [not further identified] is maintained, will Mexico file suit against the United States at the International Court of Justice?

[Salinas] As soon as we knew of the ruling, we declared that it was unacceptable and that it does not apply in Mexico. We also said that the ruling is contrary to international law. This is why we suspended DEA activities in Mexico in the framework of cooperation mechanisms we have established with that organization and with others from other countries that fight drug trafficking. We suspended its activities to demand talks in the United States to review the situation resulting from the court ruling. As soon as they agreed to talk, we lifted the suspension. By the time the talks ended we had established important provisions. First. The United States is committed to reviewing the extradition treaty at the forthcoming bilateral meeting. Second, the United States will abide by the new rules on the conduct that foreign agents must observe in Mexico. Third, a personal letter from President Bush assuring that his government will not carry out actions such as those sanctioned by the U.S. Supreme Court on Mexican territory. And last, but not least, I sent the Mexican Congress a bill calling for severe penalties for any Mexican who collaborates in this kind of kidnapping on Mexican territory. We are prepared to declare them traitors and to sentence them to the severe punishment which this crime entails.

[Ramudo] The free trade agreement is scheduled to create a free trade zone that would extend all the way from Mexico to Canada. Do you think that Spain could act as a bridge between the EC and this new free trade zone?

[Salinas] As a result of this free trade zone we will be able to have more intense relations with other countries. Mexico is especially interested in relations with Spain because of the historic, cultural, and linguistic links and because of our affinities in trade relations. We are sure that with the creation of this free trade zone, Spain could have, through Mexico, greater influence in North America, and Mexico in the EEC, through Spain. There could be reciprocal benefits.

[Ramudo] One of the issues that most concerns Spain is that of terrorism. Mexico is, traditionally, an asylum country. Because of this, Mexico has been, and still is, a refuge for ETA [Basque Fatherland and Liberty] terrorists. How far is Mexico prepared to cooperate with Spain in the anti-terrorism field.

[Salinas] We are prepared to cooperate fully with Spanish authorities to punish people who commit criminal actions. It is true that Mexico has a political asylum tradition, but this benefits people who are persecuted because of their ideals. The asylum rule is not to turn us into a nation that may serve as a refuge for people who commit criminal actions.

The Mexican Government has decided firmly to cooperate with the Spanish Government to punish Spanish citizens who commit criminal actions in their country.

[Ramudo] With regard to the Ibero-American Summit in Spain, what are Mexico's objectives?

[Salinas] We are going to the Second Ibero-American Summit with high spirits because of the positive results we reached in Guadalajara last year. I must acknowledge that these positive results were possible, to a great extent, thanks to the positive work of King Juan Carlos and Prime Minister Felipe Gonzalez.

Mexico will go to the summit to try to secure specific results to the new spirit of Ibero-American unity in the economic, trade, financial, and cultural fields, of course. In the field of culture there is much room for strengthening relations and for having these integration links that in the past formed a part of rhetoric and oratory and that we now want to become a reality.

Pro-Cubans Hold March, Demand End to Embargo

PA2707004692 Mexico City NOTIMEX in Spanish 2215 GMT 26 Jul 92

[Text] Mexico City, 26 Jul (NOTIMEX)—Approximately 300 members of the "Go For Cuba" solidarity group, labor unions, and popular organizations participated in a 26 July march to demand an end to the economic embargo imposed on the island 30 years ago by the U.S. Government.

During a march down Reforma Avenue in this capital, participants carried Cuban and Mexican flags and gathered in front of the U.S. Embassy to voice their displeasure with President George Bush's interventionist policy. "Go For Cuba," an independent group, requested the withdrawal of U.S. military forces from Guantanamo Base in Cuba as well as respect for the Caribbean people's self-determination and sovereignty.

Artist Felipe Heremer read a communique that was prepared by social and academic organizations participating in the celebration of another anniversary of the Cuban Revolution. The communique urged the Mexican people to raise their voices in support of the Cuban people.

Participants later resumed their march toward the Jose Marti monument, where they laid a wreath. They then continued toward the Benito Juarez monument, where they held a festival and concluded their march.

El Salvador

FMLN's Handal Claims 'Crisis' Over Agreements

PA2407210692 San Salvador DIARIO LATINO in Spanish 22 Jul 92 p 1

[Text] Jorge Shafik Handal, leader of the Farabundo Marti National Liberation Front [FMLN], has said the fulfillment of the agreements is undergoing a crisis and that the FMLN will not be able to demobilize the next 20 percent of its forces if the delays continue.

The fulfillment of the agreements went into crisis in May when the government and the FMLN accused each other of not fulfilling the agreements. The delayed agreements were rescheduled after tense negotiations.

However, Handal has now stated that "we are undergoing a crisis similar to the one in May and we will have to make an extra effort again."

As an example of the delays, Handal mentioned the legalization of the FMLN as a political party; an agreement that should have been fulfilled on 1 May and which is still at the Legislative Assembly's Political Commission.

"We are already at the end of July and it is still delayed," he said.

"There are a number of agreements that are being delayed and others that are not being fulfilled as they should," he added without providing more details.

Handal said, "the FMLN might not demobilize the next 20 percent of its forces if the agreements are not fulfilled."

FMLN Official on 'Delays'

PA2607233492 San Salvador Canal Doce Television in Spanish 0300 GMT 25 Jul 92

[Report by Gilda Quijano]

[Text] FMLN Commander Roberto Roca said that delays in the process to legalize the FMLN as a political party will endanger the execution of other agreements signed on 16 January.

[Begin Roca recording] This issue is closely related to the whole process of reinsertion to civilian life. It is vital. It is also jeopardizing compliance with the other agreements. [end recording]

According to Roca, the current obstacle is the National Assembly Political Commission's forwarding of a favorable report to the full assembly, which would then result in a modification of the electoral legislation. In the meantime, the outcome of the date renegotiation process that took place in June between the government and FMLN is being affected.

[Begin Roca recording] There is a danger that the reincorporation into civilian life of the second 20 percent of former fighters could be delayed due to noncompliance with the agreement. [end recording]

According to Roca, the issue of delaying the process of legalizing the FMLN, thus allowing it to openly operate in the political arena, is not the only hindrance that could lead the peace process to a new political crisis. The FMLN commander stressed that there is government noncompliance with other issues as well.

[Begin Roca recording] What is really taking place is exactly what happened during the other crisis when there were delays during the peace negotiation. Now we have delays in several spheres. Maybe it is all due to external problems that are deeply ingrained in the government or in the Nationalist Republican Alliance [ARENA]. If that is the case, then it is of no concern to us. What does concern us is that the peace agreements are honored. [end recording]

According to Roca, the peace process is currently facing a very complicated situation. Only one month after dates were renegotiated to reconcile the agreement with the execution periods, noncompliance problems are starting to reappear.

ARENA President Responds

PA2607232092 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 25 Jul 92

[Text] Armando Calderon Sol, president of the Nationalist Republican Alliance [ARENA] and mayor of San Salvador, has demanded that the Farabundo Marti National Liberation Front [FMLN] demobilize the second 20 percent of its former fighters.

After the rebel front announced that it might suspend the second demobilization of former fighters due to a lack of facilities, Dr. Calderon Sol regretted that the FMLN had adopted such a stand.

The San Salvador city mayor reiterated: We are not going to get anywhere with an attitude like that. He also demanded that the FMLN allow exiled mayors to return to their towns.

Guatemala

Government, Union Leaders Sign Labor Agreement

PA2507030392 Guatemala City Teleonce Television in Spanish 0400 GMT 22 Jul 92

[Text] A new round of talks between government negotiators and union leaders has led to the signing of a seven-point agreement, thus ending the prolonged impasse. While union leaders negotiated the terms of the agreement, a group of union workers tried to attack reporters in the corridors of the building where the talks were being held. The journalists were waiting for the results of the negotiations between the government and

union representatives when the incident occurred. Minutes earlier union activists had shown their aggressiveness toward the press while grouped outside the building, which is located in front of the Gomez Carrillo park. Once the union members entered the building, they tried to beat reporters and cameramen, shouting insults and accusing them of giving the labor movement impartial coverage. Further violence was averted when the deputy minister allowed journalists to enter her office.

During the briefing Labor Minister Mario Solorzano criticized the union's actions against the Guatemalan press and proceeded to list the basic terms of the agreement that ends the labor conflict.

[Begin Solorzano recording] I would like to say that I regret this incident as you have described it. I also regret the incident at Central Park. I would like to state for the record that the Labor Ministry's position and my personal position, as you well know, is to seek agreements and dialogue and to prevent any confrontation in the country. Please accept my apology. This is an example of how difficult it is for the country to get over its historical reality of solving all its problems by force. The great effort we the unions and the government have made here on 21 July is completely in the opposite direction; in the direction of finding conciliation and finding solutions through dialogue.

Having said that, and if you will allow me, I would like to announce that we have signed an agreement between the government worker's unions and the government itself. We are going to distribute copies of the agreement. Briefly I would say that the agreement covers several issues. One is the salary adjustment, which remained as we reported earlier: 15 percent for people on the payroll and operations personnel; 18 percent for specialists; 20 percent for artistic technicians, office workers, paramedics, and professional technicians; and 22 percent for professional assistants, auditors, and assistant auditors.

Second, the vacation bonus was confirmed at 50 quetzals for all government and government agency public servants and everyone on the government payroll who, by law, is entitled to receive said bonus. The seniority bonus and the appropriate schedule have been established as announced. That is: 25 quetzals for workers on the job for five to 10 years; 50 quetzals for 10 to 20 years; and 75 quetzals for 20 years or more. The workers have not only agreed to go back to work on 22 July, but also to carry out their work responsibly, efficiently, and effectively and to guarantee that the Guatemalan people will receive government services.

Third, we have agreed on job stability. The government will take no reprisals against the workers as a result of this movement, which we understand to be within the parameters of the democratic struggle going on in the country, and we are pleased it ended this way.

Fourth, as I said before, all workers will return to their posts. Finally, I would like to point out something very important: Before the strike, we already had an agenda that we were discussing with the two unions represented here. We have agreed to continue those discussions, giving special attention to the national plan for public servants benefits and the implementation of an administrative production system. As we had mentioned before, the government's public servant salary policy states that we will sit down to discuss the situation based on the government's yearly inflation rate forecast. That means that in August we will sit down to continue discussing the commission's existing agenda, and in May we will negotiate the following year's salary increase. [end recording]

Honduras

National Party Factions Choose Single Candidate

PA2507231992 Tegucigalpa EL HERALDO in Spanish 23 Jul 92 p 2

[Communique signed by Rodolfo Irias Navas of the Callejas National Recovery Movement and Cesar Castellanos Madrid of the National Movement in Tegucigalpa on 22 July]

[Text] For the sake of unity in the grand National Party of Honduras, for the consolidation of our country's democratic system, and acting responsibly to achieve our party's second victory, the Oswaldo Ramos Soto Movement [Oswaldista Movement] and the Callejas National Recovery Movement [Monarca] have reached an agreement to prevent anarchy and party disintegration from causing schisms that could lead not only to party divisions but to a defeat in the 1993 general elections.

Unity has become necessary, and we, sharing common ideals, cannot harm the party by encouraging conflicting positions, by acting according to group interests, or by promoting situations that, instead of uniting us would inevitably lead to our defeat.

We must guarantee ourselves an electoral victory, and we can only do so if we are firmly united. In that way we will be able to continue President Rafael Leonardo Callejas' work.

This decision should not be thought of in terms of winners or losers. On the contrary, it must be seen as the most positive step possible, in spite of sacrifices that both movements may have had to make.

The best men and women will be selected to form part of the party slate.

Aware of the above, the Oswaldista Movement and Monarca resolve:

1. To merge both movements at the national level to ensure our party's electoral victory in 1993.

2. To nominate Jose Oswaldo Ramos Soto as the single presidential candidate of our two powerful movements

for the general elections to take place on the last Sunday of November 1993, and to give him absolute and unrestricted support.

3. To acknowledge the uprightness as well as the civic-minded attitude and the party-minded understanding of Alba Nora Gunera de Melgar Castro and of other notable leaders who patriotically share the opinion that party unity is the only sure road to victory.

4. To ask all national, departmental, and local leaders to close ranks in support of the single candidacy of Ramos Soto, thus backing the decision adopted to unify the glorious National Party.

5. To submit this document to party authorities so the Central Committee may take due note.

Tegucigalpa, Central District Municipality, 22 July 1992

Rodolfo Irias Navas, Monarca

Cesar Castellanos Madrid, National Movement

General Discua Interviewed on Current Events

PA2707043692 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 23 Jul 92

[Interview with General Luis Alonso Discua Elvir, commander general of the Honduran Armed Forces, by Laura Ruiz in Tegucigalpa; date not given—recorded; broadcast in progress]

[Text] [Discua] ...the commission has not been formed. Instead, Colonel Julio Cesar Chavez, regional chief of the Public Security Forces [FUSEP]; the Department of National Investigation [DIN] regional director; and other judicial authorities are conducting the investigation upon specific orders from FUSEP Commander General Jose Guillermo Paredes. I immediately gave the order when I learned of the labor union member's death, because it is easy to blame the Armed Forces. The Armed Forces are not involved in this, and I recently made a statement to that effect to the media.

I do not think these problems are solved with violence. We have a democratic government, and anyone can seek legal solutions to problems or differences that may arise between groups. Thus, the methods used to kill a citizen, meaning a labor union member who had already been the target of an attack, raise suspicions. There are rational ways to prove....[pauses] to carry out an investigation, and that is what is being done right now.

[Ruiz] Nevertheless, Oscar Blanco, Rigoberto Borjas Blanco's brother, said the first attack had been carried out with a grenade, a typical weapon used by the national authorities. The second attack, the one that resulted in his death, was carried out with a 9-mm weapon, which is also considered a typical weapon used by the national authorities. He said he does not want to say that the military might be involved. However, these facts do make one stop and think, because in his opinion, the weapons are not readily available to most of the population.

[Discua] Well, he was correct when he said they are not readily available to most of the population. However, there are private citizens....[pauses] Many weapons became available after the contras were demobilized in Nicaragua and after the Farabundo Marti National Liberation Front was demobilized in El Salvador. Those weapons include 9-mm pistols and fragmentation grenades. In other words, if houses were searched here, we would find many weapons of the types used by the national authorities.

No one ignores the fact that many people have AK-47 rifles, 9-mm pistols, and hand grenades—not to mention the dissident groups who have trained in Nicaragua and are still present in Honduras. They refuse to lay down their weapons and....[pauses] It is true the 9-mm pistol is used by the national authorities, but you may remember that every time a raid is carried out, the authorities capture, excuse me, confiscate not one but many 9-mm pistols. We have even confiscated hand grenades, which many people carry in their cars.

Naturally that sometimes causes problems because the people say honest persons' weapons are confiscated when operations are carried out. I apologize for that. That is how it has to be. This is not a rule meaning that only Armed Forces members can have 9-mm pistols or hand grenades. As I said, what was stated is not true. There are lots of weapons in this country. We, the DIN, have confiscated enough weapons to arm a battalion.

[Ruiz] You have spoken about armed dissident groups. Are the Honduran Armed Forces or the National Police investigating any of those groups?

[Discua] We are well aware of those groups. They are generally from the northern coast area. They are not interested in becoming a part of modern society, nor are they interested in taking advantage of the political openness offered by a democratic government such as ours.

[Ruiz] General, seven days have passed since Rigoberto Borjas was murdered. Can you publicly guarantee that the investigation will lead to something positive?

[Discua] I cannot guarantee anything of the sort. The police are doing what they have to do. They are working hard, and they may have some clues. I am not constantly on top of the investigation. I believe you can get a better answer to your question from the regional commander of the national police in San Pedro Sula.

[Ruiz] We have learned that on the afternoon of 22 July, you met here at the 105th Brigade headquarters with all officers of Honduras' northern regions. Will you tell us what was discussed at that meeting?

[Discua] Of course. We discussed several issues related to national events. Normally, according to the Armed Force's constitution, one of the commander in chief's duties is to meet regularly with all members of the

Armed Forces. In this specific instance, I have been meeting not only here in the central region, but also in the south, in Comayagua, and in San Pedro Sula. I inform the officers of all the things the Armed Forces are involved in during those meetings.

[Ruiz] Then those meetings are mostly related to military activities. They have nothing to do with what some civilian sectors consider to be your lobbying activities with military and police officers to see if they agree with your possible reelection?

[Discua] Well, yes, that is the rumor that has been going around. It is not true. There are three main points that I discuss during my meetings with them: one involves analyzing violence in the country; the second deals with the IPM [Military Social Security Institute] investments and the goals we have set; and the third involves succession to the head of the Armed Forces. They are issues that must be discussed clearly and precisely. The only objective in discussing those issues is to clarify the situation with them.

[Ruiz] Will you be the last commander in chief of the Honduran Armed Forces? Will you be replaced by a defense minister?

[Discua] Well, there has been talk of that. We have been talking to several political, social, and economic sectors about it. We are still discussing it. There will be other occasions to discuss the issue further.

[Ruiz] General, in statements you made a few days ago, you spoke about mountain officers [oficiales de cerro]. It would seem that those statements have caused some trouble. There have been some comments to the effect that such expressions should not be part of the Honduran Armed Forces commander in chief's vocabulary.

[Discua] Well, I have already clarified what I was referring to when I made those statements. I sent a note to LA PRENSA explaining what happened. The incident came about due to the irresponsibility of a newspaper reporter who attributed certain statements to me that I never made. I am commander in chief of the Armed Forces. I make no distinctions between officers who graduated from military academies and those who came up through the ranks. When someone is promoted to junior officer, that person is a professional officer, regardless of where he was educated. Once again, I want to reiterate to my fellow officers that I have never and will never say anything like that. I interpret it as something that was intended to divide the Armed Forces officers, and it was made to seem as if it were something I said, which is completely untrue.

[Ruiz] We know the Honduran Armed Forces is an apolitical institution. Nevertheless, considering that you are also involved in national events, I would like to hear your comments on what has taken place in the National Party of Honduras [PNH], where Mrs. Nora de Melgar has already been displaced by Dr. Osvaldo Ramos Soto.

[Discua] I respect the decisions made by all parties. I know Dr. Osvaldo Ramos Soto. He is a very intelligent and capable persons who could be a very good president. I also respect Mrs. Nora de Melgar very much. First, I respect her because she is a lady; second, because she has opened a path that will lead more women to positions within the political party. I hope they can soon solve their differences, not only for the benefit of the party, but also for the benefit of the Honduran family, which should not be divided because of political colors.

[Ruiz] Thank you, General.

Panama

Labor Leader Arrested; Demonstrations Follow

PA2407153292 Panama City CRITICA LIBRE in Spanish 24 Jul 92 p 1

[Text] Marcos Allen, a leader of the Broad Front for the Rescue of Colon, reported on 23 July that at 1050 on 23 July, Colon activist Itzel Tingly of the Movement of the Colon Province Unemployed was arrested on the sidewalk outside the San Jose Church. This action led to new protests in the Atlantic Coast city.

According to Allen, two cars—an official car and a private vehicle—participated in the operation. Allen reports that efforts by Father Nicolas Delgado to give Tingly spiritual assistance were not permitted.

Tingly's arrest caused the people of Colon to take to the streets, burn tires, and renew their protests, which were targeted at Colon Mayor Alcibiades Gonzalez.

PCC Employees Demonstrate Outside U.S. Embassy

PA2507132392 Panama City Telemetro Television Network in Spanish 1730 GMT 22 Jul 92

[Text] Panama Canal Commission [PCC] workers are opposed to working 10 hours a day, instead of eight, and report that the PCC is violating their contractual and human rights.

PCC line handlers picketed outside the U.S. Embassy again today, reporting a series of abuses and labor violations against the workers. Abdiel Acosta, of the Canal Labor Defense Movement, demanded respect for international labor laws and for an end to abuses perpetrated against the lowest paid workers on the PCC. The line handlers said that they will continue their protest demonstrations and will not allow the implementation of a 10-hour work day, as part of an alleged search for savings, affecting the lowest paid workers while avoiding a reduction in the heavy benefits the North American minority receives in addition to their extremely high salaries.

[Begin Acosta recording] We will remain here until they eliminate this injustice. It is not only the 10-hour work day. There are cases of unjustified discharges and they do not even dare to give them a severance letter. They are afraid. They are afraid we will uncover all the dirty

information and dirty ways they administrate the PCC interests. There are many Panamanians involved in this, also. They are bad Panamanians who have only thought about their own pockets and improving their jobs. Such is the case of the directors in our section. After this problem became known, the problem of the line handlers' demands, everyone has gone on vacation to the United States. The director of the Maintenance Division fled, also. They should stay. They should wait for the commission from Dallas, Texas, to arrive. They are coming. The Federal Labor Commission is coming to establish responsibility on this. The federal law must not be violated and these people have openly violated the federal law. [end recording]

Prosecutor Rejects Arrest Order for FDP's Lopez

PA2507225992 Panama City LA PRENSA in Spanish 24 Jul 92 p 1

[Report by Manuel Alvarez C.]

[Text] The Fourth District prosecutor rejected on 23 July one of the two arrest and extradition orders issued against former Major Edgardo Lopez Grimaldo, onetime spokesman for the defunct Panamanian Defense Force [FDP]. The Foreign Ministry, however, has taken steps for Lopez' extradition based on a report by the first municipal attorney related to alleged crimes against the public administration.

Lopez traveled to Peru as a political refugee after the 1989 U.S. invasion of Panama. Later he secretly entered Colombia, where he was arrested and confined to La Picota maximum-security prison .

Fourth District Prosecutor Belinda de Urriola stated during a 23 July press conference that she had made the decision after proving that the investigation had uncovered no evidence linking Lopez to the 4 October 1989 attack on Radio Exitosa. According to the fourth district prosecutor's file, Lopez is being charged with planning the attack against La Exitosa radio station after the station transmitted on 3 October 1989 the proclamation of the young officers who attempted and failed in their bid to topple General Noriega.

Prosecutor Urriola stated: "On 23 July I made the decision to reject the arrest and extradition order issued by my predecessor, Cuba Nelson. I made that decision after studying the file and concluding there was insufficient evidence linking Lopez to the crimes with which he is charged".

The prosecutor said that initially the investigation indicated that Lopez had been the intellectual author of the attack against La Exitosa, but later it was proven that Lopez had not given the order. The prosecutor did not say who had authorized the attack.

"That is correct...he (Lopez) can return to Panama without fear," Urriola answered when LA PRENSA asked if the former officer could return to his country.

However, the Panamanian Foreign Ministry issued an official communique on 23 July stating that there were two extradition requests for Lopez. The first was for the attack against the radio station, and the second one was for alleged crimes against the public administration. The latter is being investigated by the Panama City First Municipal Legal Office.

Naval Center Created To Fight Illegal Activities

PA2507213192 Panama City CRITICA LIBRE in Spanish 25 Jul 92 p 13

[Text] The Panamanian Government has decided to create the Naval Training Center [Centro de Adiestramiento Naval—CAN], a department of the National Maritime Service [SMN], where aspiring sailors will be trained to carry out vital missions to prevent and eliminate illegal activities. The decision to form CAN was made after it was determined that 80 percent of drug trafficking, smuggling, and illegal alien movement occurs on the high seas.

Second Lieutenant Aldo Novel Acosta, current CAN director, made the above statement and expressed satisfaction with the "Barracuda" graduating class. This first group of 39 sailors graduated on 16 July after completing studies at the Nautical School. CAN was founded on 25 May 1992.

Second Lieutenant Acosta said CAN not only trains sailors, but also trains personnel who have worked for years with SMN on important, high-risk missions on the high seas.

Acosta added that the U.S. Government gives SMN great support, supplying them with rapid craft to carry out missions in hard to reach areas such as the Colombian border, where it is necessary to render assistance by air or by rapid boat.

The CAN director stated that this SMN department also specializes in diving and salvage courses, because all sailors should know how to swim and thus be able to save lives. One must consider that vessels sometimes sail to Darien and other areas without life jackets or with an overload of passengers, and they may have accidents.

Internal 'Squabbles' in Arnulfist Party Noted

PA2507133192 Panama City LA PRENSA in Spanish 23 Jul 92 p 1

["As of Today" Column]

[Text] Squabbles among Arnulfists are nothing new. They have always existed under one pretext or another in all the parties that Arnulfo Arias founded. It is obvious that they continue among the groups that aspire to inherit his political clout. The difference is that when he was alive, Arnulfo made decisions. Now, he no longer exists and there does not seem to be anyone with the necessary charisma to replace him.

The matter of the current rift in Arnulfist ranks is that they believe they are the strongest party in the government alliance. Therefore, they are demanding more and better positions in the government for their party members. These positions can only be granted at the expense of of the Liberal Party and Molirena [Nationalist Liberal Republican Movement]

Under these circumstances, the government's political future seems gloomy. If it gives in, what is left of the alliance would disappear, or be so weakened that it would have no political power. In that case, the positions would be occupied by Arnulfists, who are not even united among themselves to preserve the unity of their own party, much less to rule the coutnry. That is the truth.

Argentina

Use of Military Allowed Before 'State of Siege'

PY2507011092 Buenos Aires BUENOS AIRES HERALD in English 24 Jul 92 p 11

[Text] (NA)—The executive branch of government yesterday issued a decree regulating the Domestic Security Law, which enables the nation's president to call in the Armed Forces in "exceptional cases" to help re-establish order before declaring a state of siege in times of internal upheaval.

The decree sets a legal framework for the implementation of the law, defining "legal and functional aspects of the planning, co-ordination and control system that will be used to back up the police forces to guarantee domestic order."

The regulation of the law "aims at consolidating the delicate balance between respect for the individual rights of each inhabitant of our land with the inevitable restrictions generated by any security system."

The law defines domestic security as the scenario in which the freedom, life, assets, rights and guarantees of all citizens are fully respected and where "the institutions of the representative, republican and federal system established by the national Constitution are fully in effect."

The legislation also creates a Congressional bicameral committee that will monitor the activities of the security and intelligence forces and ratifies the creation of the Security Council, which has been working since early this year, to help draw up security plans and policy.

"The Armed Forces will be used to re-establish order within national territory (including the country's airspace and sea shelf) in exceptional cases in which the president deems that the domestic security system established by this law is insufficient to carry out the stipulated aims," says Article 31 of Domestic Security Law 24,049.

The Interior Ministry will be in charge of co-ordinating the efforts of the federal and provincial police forces as well as the Armed Forces in cases of severe international unrest.

Exclusion From Prospecting in Falklands Denied

PY2507010692 Buenos Aires BUENOS AIRES HERALD in English 24 Jul 92 p 11

[From the "Argentina in Brief" column]

[Text] (NA)—Defence Minister Antonio Erman Gonzalez yesterday flatly denied that Argentina had been excluded from oil prospecting activities in the Malvinas Islands, as reported by the London daily FINANCIAL TIMES. The newspaper said the British government had chosen English and US companies for the first stage of oil prospecting work in the Malvinas islands, in the South Atlantic, excluding Argentina. Foreign Ministry officials meanwhile stated in a Cabinet meeting yesterday that the British Embassy here had formally denied the information released in London.

Oil Prospecting Around Falklands Rejected

PY2507142292 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1145 GMT 25 Jul 92

[By "NA special correspondent"]

[Text] Madrid, 25 Jul—Argentine Foreign Minister Guido di Tella has not ruled out a possible decision by the Argentine Government to submit a protest note to the United Kingdom if Kelpers unilaterally begin to search for oil near the Malvinas Islands. However, he rejected the fact that this action could affect Argentine-British relations.

Alluding to the Kelpers' alleged decision, Di Tella said: "Relations will in no way be affected because the umbrella formula is used to face such situations."

In remarks made here, Di Tella pointed out that the Argentine Government "will not legally recognize any action involving the use of this area, which is regarded as part of Argentine territorial waters."

In reply to a question on whether this matter could be solved through direct talks between the two governments, Di Tella said: "We will not recognize any action violating the Argentine (demarcation) line, regardless of whether the island's authorities from the British Government make a decision in this regard."

Asked if the Argentine Government could release a protest communique, he said: "We will do so if necessary."

Bomb Defused Minutes Before Train Passes

PY2507201892 Buenos Aires LA PRENSA in Spanish 22 Jul 92 p 1

[Excerpt] Rosario (TELAM)—Three M5-type grenades, along with 1.5 kg of TNT, planted on the Mitre Railway rails near Villa Gobernador Galvez were defused yesterday morning by police, 15 minutes before a passenger train passed the site.

Warned by an anonymous call yesterday at 0700, personnel from the Villa Gobernador Galvez 26th Police Station asked Mitre Railway officials to delay the departure of the train scheduled to leave Rosario for the Retiro railroad station [in Buenos Aires] at 0700. [passage omitted]

Deputy Launches 'Socialist Workers Movement'

PY2507004092 Buenos Aires BUENOS AIRES HERALD in English 24 Jul 92 p 11

[Text] (NA-DYN)—Deputy Luis Zamora yesterday launched the Socialist Workers' Movement (MTS) to "get back to the ideas that the Movement Towards

Socialism (MAS) abandoned, recover our place beside popular fighters and demand a revolutionary, socialist alternative for the people."

Zamora, who won his seat in Congress through an alliance between the Communist Party and MAS, which he led until early May, left the movement that month when a party splinter stripped him of effective power.

Yesterday the left-wing legislator called for a popular alliance against the economic plan of President Carlos "Menem and the International Monetary Fund."

The Trotskyite leader urged his followers to "return to the platform that MAS had in 1983, support the struggle of teachers, healthworkers and pensioners and fight for the creation of a broad workers' party, which is what the country needs."

Zamora pointed out that his seat in the Lower House would from now on belong to the MTS. "As from this moment our relation with MAS will be the same as with any other party," he said.

Surrounding Zamora where the main leaders of the new party, Buenos Aires provincial Deputy Silvia Diaz, lawyer Marcelo Parrilli and union leader Vilma Ripoll, among others.

*** Provinces Present Counterproposal on Retirement**

92SM0503B Buenos Aires AMBITO FINANCIERO in Spanish 17 Jun 92 p 5

[Report by Jorge Herrera: "Provinces Will Lose $3 Billion Because of Reform"]

[Text] "The provinces' revenue-sharing losses will come to more than 3 billion pesos after the retirement-reform bill is passed," contends the Forum of Provincial Finance Ministers in response to the latest announced measures.

As AMBITO FINANCIERO had reported, the economy ministers of all the provinces yesterday agreed on a counterproposal to the one drafted by Cavallo to pay a sliding 82 percent to retirees. In the afternoon, the ministers submitted the provincial proposal to the chambers of the National Congress and to the Budget and Finance Committee so that they could debate it as an alternative to the one chosen by the National Executive Branch. The provincial proposal basically provides not only an alternative for financing the retirement system but also a new revenue-sharing arrangement (see box).

"Basically we are salvaging the idea of the IEPE [Primary Business Surplus Tax], and we propose boosting the VAT rate or the rate of an equivalent tax by 2 percent, which will bring in 1.3 billion pesos a year. Also, however, the federal government must contribute part of the surplus that it is collecting over what was budgeted," one of the ministers explained to AMBITO FINANCIERO.

"Consider that the federal government's revenues increased faster than those of the provinces (from revenue sharing). This means some 4.2 billion pesos more than in the 1992 budget," he added.

In an analysis of the revenues of the central government before the impact of Decree 879 and the retirement reform, the provinces assert that, owing to the rise in shared revenues and in receipts from foreign-trade duties and as a result of the revenues from privatizations, the federal government is taking in some 3 billion pesos extra. If we add to this the decrease in expenditures for the transfer of educational and health-care services and for the maintenance of the DGI [General Directorate of Taxation], the federal government took in more than 4.2 billion pesos over the 1992 budget. "Cavallo told us," one provincial minister explained, "that he needed 200 million a month to pay retirees. Under the measures that we are proposing, he has more than enough money."

"Moreover, it is untrue that the provinces are receiving more revenues. If we compare the months of April, in constant pesos, total revenues grew by 15 percent, up 30 percent for the federal government and down 5 percent for the provinces. Cavallo's numbers are misleading," the ministers complain.

Unknown

"The worrisome thing is that no one knows what the 4.2 billion pesos that the federal government collected are being spent on," one of the advisers to the forum remarked with concern.

The ministers feel that the prevailing revenue-sharing system has run its course because it makes no difference whether things are done well (belt-tightening) or not. "We want to salvage the previous system while minimizing the trauma. This is why we are proposing a return to December 1991 while trying to achieve three things: the original primary distribution, the secondary distribution, and maintaining Law 24,073 (the 10 percent tax on profits in Buenos Aires) in order to keep the provincial 'peace.' Moreover, we are setting a floor that will assure the provinces of revenues equivalent to what they were in December 1991, and any increase as of then will go to a fund that will enable the ministers to use the (self-generating) revenues for modernization and the balancing of their accounts," they explain.

Cavallo has been sweet-talking us, saying that "with all of the money that you are going to get this year from greater revenues, from the carryover losses, etc., you are going to be able to meet the greater expenditures for transfers of schools and hospitals." The facts are otherwise, however, say ministers who have indeed made cutbacks.

[Box, p 5]

Main Points in the Provincial Counterproposal

I. Proposal for Financing the Retirement System

1. Increase in federal revenue-sharing over 1992 budget and other funding
2. Two percent increase in VAT
3. Greater revenues from privatizations

II. Temporary General System for Revenue-sharing

Basic assumptions and composition:
1. Return to December 1991 and maintain primary and secondary distribution (complying with Law 24,073)
2. Temporary for 18 months
3. Establish unrestricted funds
4. Scaleback and modernization funds
5. Funds earmarked for services transfers
6. A fund for emergencies in provincial economies and for emergencies caused by natural disasters
7. A fund for unusual situations in provincial finances

III. Prevent Measures That Will Affect the Provinces' Powers of Taxation
1. Stamp tax
2. Tax on gross income

IV. External Financing for Scalebacks and Modernization
1. Provinces I
2. Provinces II
3. Provincial involvement in: management of loan awards, methodology for scaleback and modernization programs, loan approval and monitoring and follow-up on use

V. Integrated System of Public Sector Financial Information
1. Incorporate regional input
2. Develop indicators
3. Ascertain condition of each province

VI. Involvement in Joint Legislative Projects
1. Project to consolidate liabilities
2. Project for an integrated financial information system
3. Modification of Law 24,073 regulations
4. Preparation for temporary regulations
5. Others

VII. Involvement in Drafting 1993 National Budget
1. Regionalization of spending
2. Forum for participation by governors

VIII. Monitoring Execution of 1992 National Budget and Previous Ones
1. Expenditures (by jurisdiction, organizational unit, purpose and function, economic classification, and item of expenditure)
2. Revenues (shared, not shared, privatizations, and others).

IX. Access to Existing Financial Information Systems for Information on Provinces and federal Government

Bolivia

Shining Path Interested in Speading to Bolivia

PY2507212092 Lima LA REPUBLICA in Spanish 16 Jul 92 pp 13-15

[Report on interview with Interior Under Secretary Marco Antonio Oviedo Huerta by Francisco Mattos, from the LA REPUBLICA Special Investigative Unit, in La Paz, Bolivia; date not given]

[Text] After having been engaged in a people's war that has taken a heavy toll of 25,000 victims and more than $20 billion in damages, the Shining Path seems to be determined to become the standard-bearer for world revolution. In order to attain this goal, it has chosen Peru's neighboring countries in order to try exporting its doctrine.

In its No. 611 issue published on November 6, 1991, El DIARIO, the Shining Path mouthpiece that since has been closed down, already had hinted at Shining Path's interest in spreading its activities to neighboring countries when it stated that "Gonzalo's [Shining Path leader Abimael Guzman] ideas radiate a guiding light to the world while expanding to neighboring countries such as Chile, Ecuador, Bolivia, and Colombia."

In the last few days, reports from Argentina and Bolivia had the Shining Path carrying out subversive activities in those countries. The more credible ones, however, came from Bolivia.

A Peruvian police report points out that it is precisely that country "that is becoming more and more identified with the ideals of the PCP-SL [Peruvian Communist Party-Shining Path]. This explains the leanings of its subversive organizations, such as the Red Offensive of the Tupac Katari Guerrilla Army launched by its leader, Ayllus Rojas, or the Zarate Willka Armed Liberation Front."

The police report goes on to add: "It has come to our attention that there is a Bolivian branch of the Support Committee for the Peruvian Revolution, CARP [Comite de Apoyo a la Revolucion en el Peru], which might have been involved in the murder of the Peruvian naval attache, Captain Juan Vega LLona, (...) and that there is a religious sect called Followers of Abimael, which might be just a cover-up for the Shining Path."

Thus, there is good reason to believe that Bolivia may be the next sought-after den of the Peruvian subversive group.

"That's correct. There are signs that the Shining Path is infiltrating our country," Bolivian Interior Under Secretary Marco Antonio Oviedo Huerta told LA REPUBLICA. He is one of the few government officials who did not decline to comment on the subject.

Smartly dressed and seemingly young for the important post he holds, Oviedo Huerta belongs to the same

political party as President Jaime Paz Zamora, the Movement of the Revolutionary Left, MIR. As a rule Huerta does not discuss issues related to terrorism.

Quite amiable and talkative, though equally reserved, the under secretary in charge of his country's national security pointed out that "for the time being, it is difficult to prove the Shining Path's presence in Bolivia, though there are indications that point to that."

[Mattos] So the administration does not rule out the possibility that the Shining Path is in Bolivia?

[Oviedo Huerta] That's right. We don't rule it out.

[Mattos] Have you taken any measures to prevent Shining Path members from crossing the border?

[Oviedo Huerta] As a matter of fact, we did take the necessary precautions.

[Mattos] What sort of precautions, police-related ones or diplomatic?

[Oviedo Huerta] At all levels. We are in the process of checking the identity of all Peruvians who come to and stay in Bolivia. Moreover, there is a list of people who have been denied entry to the country.

[Mattos] Has your ministry drawn up the list?

[Oviedo Huerta] No, we haven't. It was provided to us by Peruvian police and security forces.

[Mattos] Have you arrested a Peruvian terrorist yet?

[Oviedo Huerta] Not lately, but that is precisely the point of the checking process.

[Mattos] Do you have any information on the fact that Shining Path might be trying to seek support from some of Bolivia's subversive organizations?

[Oviedo Huerta] We are not certain about that, either. Although there is this case of two Peruvians, one of whom was killed when police arrested them, who belonged to the MRTA [Tupac Amaru Revolutionary Movement] and who were implicated in subversive acts perpetrated by the so-called Nestor Paz Zamora Commando, CNPZ.

[Mattos] And what about the other Peruvian subversive?

[Oviedo Huerta] He is under arrest at the San Pedro prison here in La Paz, with three other Bolivian CNPZ members.

[Mattos] Perhaps the under secretary [Oviedo Huerta] forgot to mention the reports his own security services have on Peruvian participation in subversive actions in Bolivia.

One of these reports mentions that on 7 August 1990 the Bolivian Army arrested in the Ulla Ulla zone, 250 km from the Peruvian border, two Shining Path members who were carrying military weapons owned by the Peruvian Army.

These two individuals later were identified as Peruvians Oscar Benito Machuca Taipe and Fernando Juan Perez Centeno. The first was killed when he resisted arrest and tried to escape, while the second was handed over to Peruvian authorities.

The other report, the content of which coincides with the Bolivian interior under secretary's report, points out the participation of Peruvian citizens Federico Huaman Yapari and Gonzalo Escobar Gutierrez, active MRTA members, in the kidnapping and murder of Bolivian businessman Jorge Lonsdale, president of the soccer team "The Strongest," on 5 December 1990. The police action ended with the death, in unexplained circumstances, of the second individual, while the first is still at the San Pedro prison in La Paz. A Bolivian Army official communique has confirmed these events.

Can you help us enter the prison to talk to the MRTA detainee, we asked the vice minister.

[Oviedo Huerta] With "Perucho"?

[Mattos] Yes, with him.

[Oviedo Huerta] No, by no means. I hope you understand and will not be aggravated.

[Mattos] What about Shining Path subversives?

[Oviedo Huerta] The only thing we know is that Shining Path members are using Bolivia, probably as a resting place or "sanctuary."

[Mattos] Sanctuary?

[Oviedo Huerta] Yes. Isn't that the way Shining Path calls the places of rest, within its own symbolism?

[Mattos] Surely the under secretary, despite his own reservations, knew much more than what he was saying.

Moreover, a high-ranking Peruvian police officer deployed to the Desaguadero zone has confirmed the Bolivian report.

The Bolivian intelligence services are very effective in controlling the entry of people in their territory, the Peruvian police officer admitted.

Are you working continuously in coordination with them?

[Unidentified Peruvian police officer] The La Paz police chief used to get in touch with us unofficially, and we exchanged information and opinions on certain facts.

[Mattos] Has any Peruvian citizen been expelled for his involvement in subversion?

[Peruvian officer] No, but on 11 June a Peruvian citizen identified as Miguel Monzon Cuba, with passport No.

P659913, was brought to the border. Once there we verified that he had subversion problems, apparently associated with the MRTA.

[Mattos] And what did you do with him?

[Peruvian officer] We placed him at the disposal of the Puno police. I understand that he previously was questioned by Peruvian Army intelligence members, with whom we are in continuous contact and who are headquartered in the Pomata garrison, which is some 20 minutes from the Bolivian border.

[Mattos] Do you believe that the Shining Path is using the border with Bolivia as a supply corridor?

[Peruvian officer] I believe so. Look, the border is long and that can possibly happen. Moreover, there are several reports on the presence of Shining Path elements in some zones very close to Desaguadero.

[Mattos] How near?

[Peruvian officer] Well, here in Chua-Chua Parco, which is a town 10 minutes from the border, we detected the presence of a Shining Path column, for which reason we are preparing an operation in the next few days.

[Mattos] Do you think the Shining Path is operating with a Bolivian subversive group?

[Peruvian officer] It seems so, but that is something the Bolivian authorities must tell you, not I.

[Mattos] Do you think they will tell me?

[Peruvian officer] To speak the truth, I do not think you will obtain much information. This is a prohibited subject among Bolivian authorities.

[Mattos] Despite the secrecy maintained on the subject, the Bolivian attitude regarding subversion obviously is one of concern.

That is why in 1991 the then-Peruvian counterterrorism director, General Hector John Caro, traveled to Bolivia to reach an agreement on a joint total antiterrorist effort.

In October 1991, Peruvian Police Commander General Adolfo Cuba y Escobedo signed with Bolivian Police Commander General Jaime Cespedes Barrientos a cooperation agreement on the "Problems of Subversion, Drug Trafficking, Common Crimes, and Smuggling."

In a less-publicized agreement, the two countries' police and armed forces agreed to exchange intelligence information.

According to an intelligence report recently released in Lima, despite the strict security measures adopted by both Peruvian and Bolivian authorities, the Shining Path allegedly is operating in Bolivian territory, using it as "a transit zone."

The evidence is that less than a month ago, Shining Path leader Laura Zambrano Padilla, better known as "Comrade Meche," who was responsible for the Shining Path Metropolitan Committee and who was completed her prison term in March, left Peru for Switzerland via La Paz' "El Alto" airport.

It is also said that Luis Arce Borja, former "EL DIARIO" director who now is the Shining Path representative in Brussels, Belgium, fled from Peru using the same airport.

Very little of this could be confirmed by official sources given the fear and silence maintained by Bolivian authorities.

What subject do you want to talk about, another Bolivian under secretary gently asked us. The high-ranking official did not hide his surprise at the presence of two Peruvian journalists.

We want to ask you about the possibility that the Shining Path may be operating here in Bolivia, we told him.

[Unidentified Bolivian under secretary] Then you want to talk about the Shining Path?

[Mattos] Yes.

[Bolivian under secretary] No, I cannot grant you any interview. I'd rather just hold a conversation.

[Mattos] Why can't you grant us a formal interview?

[Bolivian under secretary] I do not want the "Shining Path" members to know me.

[Mattos] "You know why," he added, not without first requesting that no pictures be taken of him. In a hesitant manner he whispered: "They kill."

And they kill as much as the "Nestor Paz Zamora Commando," CNPZ, the "Tupac Katari Guerrilla Army," EGTK, or the "FAL-Zarate" [name as published] [Zarate Willka Armed Liberation Front], whose violent slogans may be read in some pamphlets and in several slogans painted on the walls of main streets in the Bolivian capital.

On 6 July, one year and two days after the EGTK group made itself known, dynamite placed at a gasoline station in Sucre by a group of EGTK members exploded when two boys—Maximo and Policarpio Paco Mamani, 8 and 11, respectively—found the explosive and began to examine it. This was the EGTK's 49th attack and its first child victims.

Six days before, through a subversive message presumably broadcast under pressure by a Cochabamba television station, the subversive group confirmed its participation in an armed fight of the indigenous type [tipo indigenista].

Although it is recognized that subversion has no social basis to develop from in Bolivia, authorities have adopted certain measures.

One of them was to restrict the sale of dynamite, which previously could be purchased at any of the several

hardware stores in town. Zagarnaga is one of the streets where such stores are concentrated.

A local source reported: "Previously, you could buy any amount of dynamite you wished there without any problem, but after Nestor Paz Commando members were found with a large amount of dynamite, this explosive's sales began to be controlled."

Nonetheless, strong rumors that the Shining Path allegedly was purchasing explosives in La Paz apparently also influenced this decision. After a report indicated that the Shining Path was smuggling weapons from Brazil, control on the sale of weapons also increased.

Confirming that, there have been media reports on the discovery in Santa Cruz of 260 rifles, 16 pistols, some rocket launchers, and ground mines—all Chinese-made—that allegedly were earmarked for the Shining Path.

On the occasion, it was reported: "Bolivia is used as a bridge country for smuggling weapons for the Shining Path."

For the time being, one of the topics that causes the most concern in Bolivia is the one about the Shining Path's permanent threats against the nongovernmental organizations, particularly those conducting activities in Puno, because these threats might be extended to other Bolivian organizations.

Suspension of the assistance rendered to the region by these organizations would serve the Shining Path's obscure interests.

The Shining Path, however, does not count on the support of Bolivian peasants, particularly coca growers.

A peasant from Corioco, a coca growers' village three hours north of La Paz, said: "Yes, we grow coca but we do not want guerrillas."

Isn't there subversion here?

"We have heard of subversion, but it will not obtain support here," said the peasant, who is the head of one of the 300,000 families that, legally or illegally, grows coca for a living.

What would you do if subversives arrived here?

"Nothing, we would only cooperate with our Army to break off with Shining Path members," the peasant said.

What would you do afterward?

"We would work to help Bolivia overcome underdevelopment," he added.

If the Bolivian terrorist groups' propaganda is not accepted among coca growers, it is still less probable that the Shining Path's propaganda is.

Signs of the presence of Abimael Guzman's followers, however, not only create concern among our Bolivian neighbors, the Bolivian security forces have adopted some measures and are in constant communication with their Peruvian peers.

Acting Minister Reports on Lima Embassy Damage

PY2507124292 La Paz La Red Panamericana in Spanish 0000 GMT 25 Jul 92

[Excerpts] Acting Foreign Minister Manfredo Kempff Suarez today returned from Lima after having inspected the Bolivian Embassy in Peru, which virtually was destroyed in an attack perpetrated by the terrorist group Shining Path.

Kempff reported on the situation to Acting President Ossio Sanjines this afternoon and then met with journalists. He said that the building was seriously damaged in the attack. [passage omitted]

The acting foreign minister said that 70 percent of the embassy building was destroyed and that the remaining 30 percent was seriously damaged. The building offers no security to Bolivian diplomats, therefore, they must be moved to another building.

Manfredo Kempff said that despite the difficulties, the morale of Bolivian Embassy personnel is high. He added that the embassy authorities will be moved to a rented building until the Bolivian Government obtains the financial resources to reconstruct the embassy at the San Isidro District residential area. [passage omitted]

He also said that the Bolivian Government has not suspended the admittance of Peruvians into our territory. It has simply reinforced migratory control and is now demanding compliance with certain requests.

Peasants, Secretariat To Fight Drug Traffickers

PY2507133092 La Paz Television Boliviana Network in Spanish 0200 GMT 25 Jul 92

[Text] Leaders of the Coca Growers Federation, district commanders of the Special Antinarcotics Force, and the Social Defense Under Secretariat in a meeting expressed their predisposition to conduct a joint antinarcotics struggle within the framework of the laws currently in force.

This was the result of a meeting held at the Social Defense Under Secretariat, presided over by Social Defense Under Secretary Gonzalo Torrico. According to him, it was also decided during the meeting that a second one will be held next June in the Chapare region. [sentence as heard]

[Begin Torrico recording] I can classify the meeting as very important and very positive, because participants have been able to understand clearly that there is the best goodwill and willingness to conduct, within the framework of the law, an antidrug fight. It has been made clear that this fight is against drug traffickers and never against the peasant trade unions or the peasants themselves.

I must also explain that although there have been some complaints by leaders, they have been clarified. The remaining issues will be discussed in the upcoming meeting to be held the first week of August in the Chapare region of Cochabamba Department. [end recording]

Brazil

Examples of Collor's 'Indifference' to Governing

PY2607025092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Jul 92 p 1-4

[By Sonia Mossri]

[Text] President Fernando Collor de Mello already has worked under the effects of tranquilizers. Disheartened during his routine work in Planalto Palace during the few weeks prior to his trip to Spain, he showed little interest in the issues brought before him by his ministers. Contrary to his custom, he was not directly reprimanding his cabinet members.

The president ordered that most of the issues of each ministry be discussed with Jorge Bornhausen, minister of the Government Secretariat General, or with Ambassador Marcos Coimbra, secretary general of the Presidency of the Republic. Collor used to pass the subjects to his two aides only after talking with the ministers.

An example of the president's indifference is that he has not even been organizing meetings with the different sectors of society to discuss issues of maximum interest to the government. When he returned from the Eco-92 world summit two weeks ago, he held five meetings with different sectors. Issues such as the draft bills on patent rights (Intellectual Property Rights Law) and fiscal adjustment received little attention from the president.

Collor's behavior caused difficulties for the presidents of the Bank of Brazil, Lafaiete Coutinho; the Federal Savings Bank, Alvaro Mendonca; and to Ministers Ricardo Fiuza (Social Action), and Bornhausen in their effort to organize a government support group in Congress. The president did not contribute to organizing meetings with congressmen.

The president's isolation also prevented the government's political coordination agents from anticipating an eventual impeachment request in order to ensure enough votes to block an impeachment motion in the Chamber of Deputies.

The investigation of PC [Paulo Cesar] Farias carried out by the CPI [Congressional Investigating Committee] even modified the routine of the meetings between Collor and his cabinet. Except for the military ministers, with whom he holds regular weekly meetings, and Ministers Fiuza and Bornhausen, the rest of the ministers are increasingly requesting fewer audiences in Planalto Palace. The ministers also comment very little among themselves about the CPI's work.

Ministers, Governors Seek Solution to Crisis

PY2607015892 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Jul 92 p 1

[Text] Two powerful political groups were attempting yesterday to organize a solution for the future of the Republic once the results of the CPI [Congressional Investigating Committee] investigations are made public. Neither of the two groups accepts total power remaining in the hands of President Fernando Collor. One group is made up of Ministers [Economy] Marcilio Marques Moreira, [Health] Adib Jatene, [Education] Jose Goldemberg, [Foreign Affairs] Celso Lafer, and [Justice] Celio Borja. Their position is that Collor should remain in his post, but his political power should be annulled and controlled by the most respectable members of his team.

The other group, which is made up of Governors [Sao Paulo] Luiz Antonio Fleury Filho, [Bahia] Antonio Carlos Magalhaes, and [Minas Gerais] Helio Garcia, several senators, and deputies, leans toward the installation of Itamar Franco as president, the maintenance of some ministers, and a coalition government. The two groups already have met, exchanged ideas, and begun to seek the support of businessmen.

Opposition Studying Methods For Impeachment

PY2407175192 Rio de Janeiro O GLOBO in Portuguese 23 Jul 92 p 5

[By Nubia Ferro]

[Text] Brasilia—The leaders of the opposition parties yesterday began negotiations with the Brazilian Lawyers Association (OAB) on how the latter might request President Collor's impeachment [preceding word in English] when Senator Amir Lando (Brazilian Democratic Movement Party-Roraima State) presents his report on the CPI's [Congressional Investigating Committee] investigations into PC [Paulo Cesar Farias]. In the opinion of opposition congressmen, an impeachment [preceding word in English] request by a citizen or by an organization would allow the government to avoid having the initiative considered an act of revenge by those defeated in presidential elections.

Since 21 July—when the CPI investigating the charges against PC began to confirm, by reviewing bank accounts, the existence of links between PC Farias and President Collor's relatives, including Collor's wife, Rosane Collor—the opposition, convinced that Amir Lando's report will provide evidence of criminal liability by the president of the Republic, has been preparing itself for the decisions following the vote on the CPI report. The PT [Workers Party] was finally convinced by the PMDB [Brazilian Democratic Movement Party] and the PSDB [Brazilian Social Democracy Party] that it should not request the impeachment [preceding word in English] in an isolated manner.

Three possibilities were studied by the leaders of the opposition parties for making the request: a joint initiative by the presidents of all the opposition parties, with the sole exception of the PDT [Democratic Workers Party], which does not participate in the informal opposition parties' alliance; a formal request by the members of the CPI investigating the charges against PC; and ultimately, an initiative on the part of a person or organization without any political links. The last option was supported by the majority, allowing negotiations to begin with the OAB.

Lawyers on Impeachment

PY2507160892 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jul 92 p 4

[Text] Brasilia—Despite the onslaught by opposition parties, the Brazilian Lawyers Association (OAB) and the National Conference of Brazilian Bishops (CNBB) do not plan on becoming signatories to the request for the impeachment [preceding word in English] of President Fernando Collor. The two entities understand that this type of initiative would compromise their principal role, namely, defending and mobilizing society to favor "ethics in politics."

OAB President Marcelo Lavenere claimed: "If we play the role of a plaintiff, we will lose the force and impartiality required to act as a supervisor of the process of investigating the charges." He admitted that some members of the CPI [Congressional Investigating Committee] contacted him to determine the likelihood of the OAB supporting the impeachment [preceding word in English] request.

In addition, the OAB was also consulted on providing political support for Vice President Itamar Franco. Lavenere explained to congressmen, who he preferred not to identify, that the OAB does not want to become part of the process against the president and that formal support for the vice president would be an unnecessary and repetitive action.

The CNBB press office confirmed that the CNBB has not received any inquiry from the political parties asking the CNBB to support the impeachment [preceding word in English] request and the vice president. The CNBB does not plan on adopting a political stance of this nature.

Attorney General on Impeachment

PY2407223092 Sao Paulo ISTOE SENHOR in Portuguese 22 Jul 92 pp 24-26

[Report on "exclusive" interview with Attorney General Aristides Junqueira in his house in Largo do Rosario, Sao Joao Del Rey, Minas Gerais—date not given]

[Excerpts] [passage omitted] [ISTOE] There are people who believe that the future of President Fernando Collor's mandate currently depends more on your decision than on the results of the CPI [Congressional Investigating Commission]. You will have to file a lawsuit before the Federal Supreme Court [STF] if it is proven that the president committed a common crime. Does that somehow scare you?

[Junqueira] The Attorney General's Office cannot be concerned about the person who commits a crime. If there is evidence, the Attorney General's Office is obliged to investigate who committed the crime, the kind of crime it was, when it happened, and who executed it. If I have enough and clear evidence that deserves an accusation before the pertaining court, it is my duty to file a lawsuit. In this specific case, if there is enough evidence that a crime was committed by the president of the Republic, it is the duty of the Attorney General's Office to raise charges before the STF. [passage omitted]

[ISTOE] Don't you really feel apprehension or the weight of great responsibility?

[Junqueira] I do not feel any kind of fear. But I do have a responsibility, and it is very big. For example, I would not raise charges against the president of the Republic before the STF if I knew the STF had doubts on whether to accept them. I think that if I raised charges that might be rejected by the STF because of lack of evidence, I would be weakening my institution.

[ISTOE] Don't you think there is already enough evidence of the president's guilt?

[Junqueira] I do not know. I am not following the investigations step by step. The police investigation, which is the most important point, is being followed by two attorneys. One thing is the work done by the CPI, which will serve us afterward. Another thing is the police investigation under way. [passage omitted]

[ISTOE] In law, there also is no rigid hierarchy of evidence. In certain circumstances a deposition can be worth more than a document. Within this context, how do you view the deposition made by driver Eriberto Franca?

[Junqueira] It is very worthwhile evidence, yes. There is no doubt about that. I take into consideration not only the person who testifies, or his deposition, but I also take into consideration the consistency between the deposition and other evidence. However, what interests me most is the set of evidence. And nothing prevents me from seeking further evidence.

[ISTOE] Does the CPI help the Attorney General's Office in obtaining evidence?

[Junqueira] Of course it does. The final destination of the CPI's conclusions is the Department of Justice. However, I can assure you that the police investigation is going on very quickly. The greatest benefit I observe in the CPI's work is the fact that it is calling the public's attention to the need for morality in public transactions. However, I do not think this CPI can open an impeachment process.

[ISTOE] Why not?

[Junqueira] The CPI can provide evidence leading to an impeachment process, but the procedure should be different; it cannot come from a CPI. The procedure is stated by Law No. 1079 of 10 April 1950, which defines impeachment crimes. There is also a juridical principle stating that whoever investigates the facts or makes the accusations, cannot judge. That is one of the problems.

[ISTOE] What problem?

[Junqueira] If the evidence obtained by the CPI members will serve to make an accusation for an impeachment process before the Chamber of Deputies, some people might think the CPI members should be banned from participating in the impeachment process, first in the Chamber of Deputies and then in the Senate.

[ISTOE] That is because since they carried out the investigations they cannot judge?

[Junqueira] Right.

[ISTOE] What is the solution, then?

[Junqueira] The law states that any citizen may urge the Chamber of Deputies to begin the process, since it must begin in the Chamber of Deputies.

[ISTOE] Given this reasoning, the importance of the Department of Justice's work, especially that of the attorney general, is even more important. Speaking about this subject, does the Federal Police investigation provide enough evidence to punish some people?

[Junqueira] I believe there already is enough evidence to punish certain people. But I would prefer not to give their names because the investigation is the responsibility of my colleagues and they must make a decision. Evidently, we must wait for the conclusion of the investigations, of the whole investigation, so that we can learn who are all the people who must be punished. [passage omitted]

CPI on Impeachment

PY2507150092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jul 92 Section 1 p 8

[By Tales Faria and Eumano Silva]

[Text] The majority of members of the CPI working on the PC [Paulo Cesar Farias] case would like the name of President Fernando Collor to be mentioned as involved in the scheme PC Farias operated in the government for trafficking in influence. This is the result of a poll that FOLHA took yesterday on the position of each CPI member.

According to the poll, 12 of the 22 CPI members would vote for mentioning the involvement of the president, while six would vote against it. Four members, including Bahia PFL [Liberal Front Party] leader Benito Gama, who is the chairman of the CPI, have not yet adopted a final stance.

The PMDB [Brazilian Democratic Movement Party], the PT [Workers Party], the PSB [Brazilian Socialist Party], and the PSDB [Brazilian Social Democracy Party], which have 10 representatives in the CPI, have decided already that they will support mentioning the president's involvement. They need two more votes for an absolute majority, and they obtained them: one from PDT [Democratic Workers Party] leader Leonel Brizola, the governor of Rio de Janeiro State, who supports Collor, and another one from the PFL [not further specified]. Federal District PDT Senator Mauricio Correa, deputy chairman of the CPI, cannot see how to avoid mentioning Collor's involvement.

Opposition parties want to expedite the CPI investigation in order to prepare the final report.

According to the opposition, extending the investigation would divide the efforts by CPI members. Says PT Deputy for Sao Paulo Jose Genoino: "The central problem now is to make a report without mistakes."

The statements by former Deputy Sebastiao Curio, who charged that PC Farias gave him money for his electoral campaign at Collor's request, is a good example that the strategy to avoid dividing efforts is already in practice. Curio asked to be heard by the CPI, but he will be heard only by the CPI chairman and the coordinator.

The statements by former presidential private secretary Claudio Vieira are considered the only possible source of decisive information for the CPI. Vieira is scheduled to be heard on 27 July.

Says PMDB Deputy for Sao Paulo Alberto Goldman: "It is time for us to begin debating on how we will submit the request for impeachment."

Since any citizen or deputy can submit a request for impeachment, party leaders want to prevent anyone from using this opportunity to make headlines. PMDB Deputy for Rio Grande do Sul Ibsen Pinheiro, the president of the Chamber of Deputies, already has received eight requests for impeachment. Two of them have been filed already. One of them supplied no "evidence" and the other was filed because it was sent by fax.

Armed Forces on Coup Possibility

PY2507220692 Madrid EFE in Spanish 1443 GMT 25 Jul 92

[Text] Brasilia, 25 Jul (EFE)—The Brazilian Army has rejected the possibility of a coup coming about as a result of the Brazilian political crisis, journalistic sources reported here today.

"The military guarantees the compliance with what is written in the Constitution, which specifies that the military is responsible for law and order," Air Force Minister Socrates Monteiro told journalists yesterday.

Accompanied by Army Minister General Carlos Tinoco and Navy Minister General Mario Cesar Flores, Monteiro ruled out any kind of coup movement.

According to Monteiro, "society is calm, despite the fact that it is following the development of events with concern, but there is no other way to a solution than law and order."

When asked about the possibility that President Fernando Collor might be submitted to an impeachment process by Congress, as outlined in the Constitution, the Brazilian Air Force commander said: "I hear people talking about that, but I know nothing about it; I do not even know how it works."

Editorial on Impeachment

PY2607202892 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Jul 92 Section 1 p 2

[Editorial: "The Course of the Crisis"]

[Text] The political commotion that has been unleashed by charges of corruption against businessman PC Farias has risen to a new level of seriousness. In the course of their investigations during the past few days, the CPI seems to have collected endless documents proving the flow of funds between the companies of the former electoral campaign treasurer and the Casa da Dinda [presidential residence]. During these times of great perplexity brought about by the Collorgate scandal, our national interests demand an unbiased examination of how the crisis will further develop.

There are few doubts that the president of the Republic will be called upon to testify before the CPI. It also seems plausible that an impeachment request may be approved by the Chamber of Deputies. However, before the lower house proposes to the Senate that President Collor be impeached (or not—something for which two thirds of the votes are required) several months will probably go by.

It is not hard to imagine how painful and full of surprises such a course would be, even if it complies with the strictest constitutional norms. Brazil is currently facing one of the most serious economic recessions in its history. Unemployment and misery are increasing, and the inflation rate seems to have stabilized at an unbearably high level. Society has nonetheless clearly expressed that no harm can be greater than to disrespect—no matter how small a degree—the course established by the Constitution.

There is no offense, however, in discussing—as the congress leaders are beginning to do, as yesterday reported by FOLHA—the only solution that so far seems to be the alternative to a traumatic impeachment process: the resignation of the president. Within the rules of democracy, such a debate is as legitimate as Collor's prerogative to reject, or not, such an idea.

If the president decided to resign, he would save the country from a painful course during which the serious economic crisis and social debt would remain unresolved, given the absence of political conditions to face them with the necessary strength. In case the president prefers to exert his right—let us repeat: unquestionable right—to remain in his post, the president of the Republic would be responsible for keeping the country hostage to a government lacking any kind of credibility.

Check Reveals Collor's Car Paid For by 'Phantom'

PY2507184692 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jul 92 p 6

[Excerpt] Brasilia—President Fernando Collor's Fiat Elba car was paid for with a check signed by "phantom" Jose Carlos Bonfim, one of the non-existent people who deposited money to the account of Ana Acioli, President Fernando Collor's former [private] secretary. The check, dated April 1991, is for about 2.5 million cruzeiros and was delivered on the evening of 22 July by the Central Bank to CPI Chairman Deputy Benito Gama (Liberal Front Party-Bahia State), and CPI speaker Senator Amir Lando (Brazilian Democratic Movement Party-Roraima State). On the reverse side of the administrative check, issued by the Rural Bank, appears the "phantom's" signature.

This document is considered by the CPI to be the most important evidence of Collor's commercial relations with PC. Discussing Collor's involvement in the PC case, Lando announced: "In the final report, we will not just present undeniable evidence, but a package of evidence." [passage omitted]

Vieira To 'Assume Responsibility' for PC Link

PY2707023192 Rio de Janeiro O GLOBO in Portuguese 26 Jul 92 p 3

[Text] Brasilia—People close to President Fernando Collor believe that the CPI [Congressional Investigating Committee] will find Claudio Vieira, the president's former secretary, guilty, and that this will place Collor in a more comfortable situation than he has been in up to today. This reasoning, which the opposition does not accept, presupposes that Vieira will make some kind of a confession, and assume the responsibility for any type of irregularity that could exist in Collor's dealings.

Because it will be difficult to deny his links with irregular dealings, Vieira will admit them in order to prevent the blame from falling on Collor's shoulders.

A very close friend of the president has stated that Vieira is going to lose his head, but is going to save the president. The Casa da Dinda [presidential residence] will be shielded.

Collor-Vieira Relationship

PY2707025892 Rio de Janeiro O GLOBO in Portuguese 26 Jul 92 p 3

[Text] Relations between Claudio Vieira and Fernando Collor have lasted for more than 15 years. They began in

the Arnon de Mello Organizations, where Vieira worked as a lawyer. He was with Collor in Maceio, in the Government of Alagoas, and in the Presidency, always occupying posts of confidence. At Planalto Palace he was in charge of the distribution of publicity accounts, one of the sources of the accusations made against the government since it assumed power in March 1990. In addition to his job at Planalto Palace, which he lost during April's ministerial reform, Vieira also lost his calm with the unfolding of events within the CPI investigating PC [Paulo Cesar Farias].

Having become the center of the investigation from the day that Collor pointed him out as the person responsible for the maintenance of Casa da Dinda, Vieira, his wife, and two children live nearly in complete isolation.

Government Plans To Request Legal Action

PY2407175992 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Jul 92 p 9

[Excerpts] Brasilia—The legal department of the Presidency will request the Attorney General's Office to "begin pertinent legal proceedings against those members of the CPI [Congressional Investigating Commission] investigating the PC [Paulo Cesar] Farias case who are breaking bank secrecy." Pedro Luiz Rodrigues, press secretary of the Presidency, said that the request will be filed as soon as President Fernando Collor returns from Spain. Collor is scheduled to arrive at the air base in Brasilia at 2345 on Sunday 26 July. [passage omitted]

Planalto's request that those legislators guilty of breaking bank secrecy be punished does not mean that penal charges will be pressed against the CPI members. According to a legal advisor of the Presidency, the Attorney General's Office must approve the request first.

Franco Issues Order

PY2607030092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 24 Jul 92 p 1

[Text] By order of Acting President Itamar Franco, Secretary General of the Presidency Marcos Coimbra denied that the government will ask the attorney general to investigate the violation of the bank secrecy law by CPI members. On 23 July, Presidential Spokesman Pedro Luiz Rodrigues announced the government's decision to resort to the attorney general.

Congressmen yesterday went to Planalto Palace to express support for Itamar Franco, who also met Economy Minister Marcilio Marques Moreira.

Vice President Franco Demands Respect

PY2507001492 Sao Paulo ISTOE SENHOR in Portuguese 22 Jul 92 pp 20, 21

[Interview with Vice President Itamar Franco by unidentified reporter; place and date not given]

[Text] [ISTOE] You have said that a government "faction" is investigating your personal life. What would be the purpose? What are they investigating?

[Franco] I ignore the investigation's purpose because my personal life had been open and clear during my 25 years as a public servant and throughout the six major elections in which I participated. There were many opportunities during past elections to investigate my personal life. There never has been a doubt about my moral standards. Why are they shadowing me now? My behavior is based on inalienable values resulting from the principle that each and every citizen deserves respect. As a citizen, and only eventually as the vice president, I think I deserve respect and recognition.

[ISTOE] You told O ESTADO DE SAO PAULO that "scum and vagabonds" tried to obtain personal information and details of your personal life with your former wife. Who are those people? And if you do not want to identify them now, when would you identify them?

[Franco] My indignation derives from the fact that I have always separated public from private life. I was a mayor twice, senator for 16 years; I ran for governor in Minas Gerais; I was elected vice president...But no matter how honorable those positions, no matter how important to have reached the position I now have, the truth is that my situation has always been transitory. The condition of a father, however, is permanent. This is why I consider respect for my former wife essential, and I will never risk the love of my daughters, whom I want to grow up normally as citizens capable of developing all their potential in their pursuit of happiness. I cannot permit anyone to bother my former wife or daughters for something that is completely alien to their lives. I always have respected the people with whom I lived. I demand equal respect for me. Who are the "scum?" I will identify them when and if I deem it appropriate.

[ISTOE] Do you intend to speed up the response to the CPI [Congressional Investigating Committee] request for information on PC [Paulo Cesar] Farias the next time you take over the Presidency?

[Franco] During my two full Senate terms I learned and understood the importance of congressional investigating committees, maybe because I was part of one of them. The Constitution clearly establishes that Congress has the prerogative to perform this essential function, which is proper of any, or all, really democratic regimes. It is therefore correct to assume that the next time I become acting president I will do what I understand is my duty to provide—all the information requested by the CPI, within the Constitution and the law. I will try to contribute to speeding up their work within their deadlines in order to prevent any need for an extension. It is important to find out the truth as soon as possible, whatever it might be, in order to allow the country to continue working to solve its grave and urgent problems.

[ISTOE] Would you say that this investigation of your personal life by government "factions"—as an honest citizen and as vice president—is unfair?

[Franco] I think this attitude is unfair and unnecessary because whenever it was requested, I provided—as I always have done—all data and elements pertaining to my personal assets and bank accounts for public scrutiny. I repeat, if it is necessary, if the president of the Republic wants to investigate my life in all details and extensions, it will be all right as long as the investigation is done with my consent. Such an investigation surely will take only a few minutes...

[ISTOE] What if the investigation has the purpose of preventing you from speaking? Who might be interested in the vice president's silence?

[Franco] You ask if anyone is interested in the vice president's silence. Certainly, perhaps those responsible for this disservice to the nation and democracy are interested in demoralizing our political system and shaking our democratic institutions. It is important to assert that the methods used by these people who do not behave according to established rules and laws will not succeed in silencing me because the importance of this moment requires that I speak to benefit all Brazilians.

[ISTOE] Would you accept it if a friend wanted to pay your domestic bills and for the remodeling of your garden?

[Franco] No, absolutely not. There are values I consider untouchable and moral principles that cannot be placed in doubt.

[ISTOE] Do you think the attempt to investigate your personal life is any different from the efforts to identify those who financed Collor's campaign in 1989, like entrepreneur Antonio Ermirio de Moraes?

[Franco] I accepted becoming a member of what ended up being the victorious electoral ticket in the 1989 elections because I believed in the proposals and subsequent message on national development based on moral values to create the conditions appropriate for modernizing the Brazilian state. The decision to join the campaign when the candidate had only 2 percent support, according to surveys, did not matter because the goals were consistent with my line of thoughts, which had been clearly expressed since 1966 when I ran for mayor of Juiz de Fora. On that occasion, what I proposed pertaining to the fight against oligarchies and new administrative methods became a reality. I believed that the message that I continuously repeated in following elections reflected the people's aspirations for a new Brazil, something that I expect will occur in the near future. It still must be registered that my involvement and contribution to the campaign were exclusively political.

[ISTOE] What about the situation of honorable government officials who see themselves involved in a situation of serious suspicions against the president of the Republic?

[Franco] It is always regrettable when honorable citizens, within or without the government, have their clean reputation tarnished by episodes like this. But the facts will be clarified, justice will be done, and eventually the population will see their just aspiration to see the truth prevail satisfied. Honorable citizens will be reaffirmed in their dignity and respectability and will continue to contribute with their work, intelligence, and efficiency in building a better country and improving the standard of living of all Brazilian citizens.

Guideline on Releasing 'Secret' Information

PY2507002892 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 24 Jul 92

[Report by Luiz Augusto Mendonca from Brasilia]

[Text] Ministers of state and secretaries general must report to the Presidency of the Republic before supplying information classified as secret to anyone. This guideline is included in a Secretariat General of the Presidency's letter that [Presidency] Secretary General Marcos Coimbra will submit to Acting President Itmar Franco today.

The secretary general also reported that the Central Bank should have reported to the Presidency of the Republic on the documents sent to the CPI [Congressional Investigating Committee] investigating charges against Paulo Cesar Farias. [Coimbra's recorded sentence indistinct]

In an official note, Presidency Secretary General Marcos Coimbra denied a report that, upon returning from Spain, President Fernando Collor, would ask the Attorney General's Office to take measures against people who are breaking the secrecy at the CPI investigating charges against entrepreneur Paulo Cesar Farias. Ambassador [title as heard] Marcos Coimbra added that this issue is only being studied at the Attorney General's Office.

Deputy Protests PFL Support for Collor

PY2507183292 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jul 92 p 4

[Excerpt] Brasilia—President Collor's largest bloc supporting him in Congress yesterday suffered its first casualty since the corruption charges against entrepreneur Paulo Cesar [PC] Farias exploded. Deputy Benedito de Figueiredo (Liberal Front Party [PFL] - Sergipe State) announced during the Chamber of Deputies plenary session that he is leaving the party. He explained that the reason for leaving is because the PFL is "openly" supporting the president: "To remain in the PFL would be tantamount to endorsing [compactuar] support for Collor."

Senator Hugo Napoleao (Piaui State), the PFL president, said he does not believe in beginning dissent within the party, although some PFL congressmen admit such a possibility exists. Napoleao confirmed that the PFL will meet after the closing—scheduled for 11 August—of the Congressional Investigating Committee (CPI) that is investigating charges against PC in order to define the party's course.

In light of growing evidence of Collor's involvement in the case, the senator admitted: "The problem is grave and serious." He pondered: "We cannot remain silent, but we cannot add fuel to the flames, because the flames are too high already." According to the party leadership's assessment, a possible PFL breakup would exhaust Collor's chances of continuing to govern. [passage omitted]

Documents Reveal Source of Deposits to Account

PY2407182492 Rio de Janeiro O GLOBO in Portuguese 21 Jul 92 p 3

[By Jorge Bastos Moreno]

[Text] Brasilia—The CPI [Congressional Investigating Committee] that is investigating charges against Paulo Cesar Farias [PC] already has evidence that the entrepreneur himself, through his EPC [Empresas de Participacoes e Construcoes—Construction Investment Enterprises] company, was supplying funds to the bank accounts used by Secretary Ana Acioli to pay for the Casa da Dinda's [presidential residence] and President Collor's expenses. The evidence sought by the CPI is part of a large number of documents supplied yesterday by the Central Bank—bank statements and account reports from the Rural Bank, the BMC [Banco Mercantil de Credito—Mercantile Credit Bank], and Bancesa [Bancesa Commercial Bank, Inc.]. After reviewing the documents, CPI members said that the documents leave no room for doubt that, contrary to what the president said on a radio and television hookup, it was not Claudio Vieira who was supplying funds to the bank account used to pay for the president's expenses. The statements prove the Collor secretary's links to PC. Ana told CPI that her account was used to pay for expenses at the president's house.

The documents indicate that Ana Acioli's bank account transactions involve deposits made using corporation names with false CPF [Individual Taxpayers Register] numbers and even the names of dead individuals. After tracking all the bank statements supplied, the congressmen have no more doubts: The deposits made to Ana Acioli's bank account previously passed through several accounts in a misleading operation. The documents, however, prove that EPC is actually the source of all of them.

In order to cover up the supply of funds to Ana's account, EPC made and transferred deposits in the company's name from one bank to another, subsequently using the false names and CPF's to make withdrawals and deposit money and checks to Collor's secretary's account. One of the checks deposited by EPC to EPC itself totaled 1 billion cruzeiros—about 8 billion cruzeiros at today's rates.

To the documents presented yesterday by the Central Bank will be added those of another bank, and federal police and Federal Revenue Office reports demonstrating PC Farias' and his government operator's criminal practices of extortion and influence peddling.

According to these documents, Bank of Brazil extended loans not only to people linked to PC, but to companies that issued receipts in EPC's name and received "forged" invoices from Paulo Cesar Farias' company.

According to the CPI members, the only way out now for the president of the Republic is to prove that Claudio Vieira diverted the money that he received from Collor to pay for Collor's personal expenses, and sent someone in the PC scheme to coordinate the deposits made to Ana Acioli's account. In other words, Collor would have to say that he was deceived by his private secretary.

According to a disclosure by a congressional source, the government already knew that the outcome of the Central Bank's work would point at PC's links to Collor, and therefore it began working in still another direction: to break the opposition's majority at the CPI in order to be able to reject speaker Amir Lando's [Brazilian Democratic Movement Party-Roraima State) final judgment. Amir Lando is already working on a sketch including other documents incriminating PC.

A CPI member said: "If the government was certain that the report would not incriminate the president, it would not be making an all-out effort now to recover the PDS [Social Democratic Party] position that Senator Esperidiao Amin surrendered to Senator Jose Bisel (Brazilian Socialist Party)."

Former Deputy Curio Linked With PC Farias

PY2407150092 Sao Paulo VEJA in Portuguese 22 Jul 92 pp 18-26

[Text] It was Friday, 12 July 1990. Former Deputy Sebastiao Curio Moura, also known as the "finch," reported to Planalto Palace for an audience with President Fernando Collor. The two had a second, quick, unscheduled meeting on the evening of Saturday, 1 September, at Florentino Restaurant in Brasilia. After those two conversations, an operation was set in motion to transfer approximately $120,000 to Curio's electoral committee coffers. At that time Curio was running for a seat in the federal Chamber of Deputies, as a PRN [National Reconstruction Party] candidate for Para State. The then Justice Minister Bernardo Cabral phoned Curio to tell him that, according to Collor, he would be contacted by a presidential envoy. Businessman Paulo Cesar Farias, also known as PC, phoned

Curio 24 hours later, talked to him on behalf of "our friend," and arranged the delivery of the money in two installments. PC also asked Curio to phone Luiz Adelar Scheuer and thank him for the money. Adelar Scheuer, an executive of the multinational German company Mercedes Benz, is currently the president of the National Association of Automotive Vehicle Manufacturers, Anfavea.

Who is telling this story? One of the persons involved, who could also be incriminated by his own charges. It is Sebastiao Curio, an Army officer who had fought the PCB [Communist Party of Brazil] guerrillas in Araguaia, and who then became leader of Serra Pelada gold miners.

The charge, which the former deputy made exclusively through VEJA, reflects an electoral crime. This charge could satisfy those who complain that the CPI has no documentary evidence to back its investigations into corruption within the government. There is tangible evidence of the crime. Such evidence is a Banco Rural check No. 428680, for 5 million cruzeiros, or $59,000, which was deposited in Curio's account in a Bamerindus bank branch in Maraba. The check was the second installment of the deal. The former deputy has witnesses and documents to prove what he says. Moreover, he has recorded tapes with which it is possible to follow the operation. As a retired intelligence officer, Sebastiao Curio recorded those conversations through the easiest method: his electronic telephone recorder. "I never fail to record an important conversation," he said.

12 July 1990: At Planalto Palace

After failing to run in the 1986 elections because of a back problem, Sebastiao Curio decided to try his electoral luck in the 1990 elections. Planning to resort to his main source of votes—the Serra Pelada gold prospectors—Curio went to Fernando Collor's office to talk about gold and votes on the morning of 12 July 1990, a Thursday. The two topics interested the president so much that he hardly paid attention to the requests made by Deputy Leonel Julio, of the Sao Paulo PTB [as published, expansion unknown], who had introduced Curio into the office. The Sao Paulo deputy had made the appointment and, out of courtesy, agreed to accompany his colleague. He remembered: "I was rather upset with Curio, because the president paid more attention to him than to me." Bernardo Cabral also participated in the meeting.

As far as the chapter on gold is concerned, Curio obtained what he wanted. Planalto Palace had drafted a decree withdrawing the gold prospectors from Serra Pelada, but the candidate convinced Collor to sign another document authorizing Curio's voters to remain on the site until March 1991. As far as votes were concerned, he received promises and encouraging words. According to Curio's report, the president took him aside while Leonel Julio spoke to Cabral, and told him: "I want you back at the Chamber of Deputies. I need a guy there who knows how to hit hard, and you are good at that." The former deputy also recalls that during another interval in the conversation, Bernardo Cabral asked him how much he needed for the electoral campaign. "I told the minister that I needed some 10 million cruzeiros," the former deputy said. Cabral confirms: "Curio asked the president for political support, and the president asked him to contact me and give me the telephone numbers Collor could use to contact him." The former minister denied, however, having discussed figures with Curio.

1 September 1990: Dinner

There were no telephone calls for more than 45 days after Curio's meeting with Collor at Planalto Palace. During this period, Curio began the campaign with his own forces and with the help of Lucas Orru, former adviser to Ambassador Marcos Coimbra, Collor's brother in law and secretary of the Presidency. Orru had given him three Kombis [Volkswagen buses], which were sent from Sao Paulo to Para. On the evening of 1 September, a Saturday, the former deputy attended a show by singer Simone at the Brasilia Tennis Academy with his family.

After the show, he stopped at the Florentino Restaurant. There, at another table, was Collor and first lady Rosane, surrounded by friends. In addition to Simone and Isis de Oliveira, columnist Ibrahim Sued was also present. The president drank whiskey Logan, and had duck a l'orange for dinner. Ibrahim Sued recalls that "a boring guy showed up and talked to the president for a long time." The columnist did not know who the boring guy was. He was Sebastiao Curio.

"The president saw me and beckoned me with his finger," he recalls. Curio came closer, and the two held a conversation standing up. Afraid that the promised presidential support would be turned into favors from assistant Coimbra, Curio sounded out the president. "The president asked me about the development of the campaign. I told him that it was going well. But I asked whether I should continue looking for the promised support from Dr. Orru. He looked at me, moving his right hand index finger, and said: 'No, no. Bernardo [Cabral—former justice minister] will look for the right person, and will introduce him to you.'" Less than 48 hours later, on Monday, Cabral phoned Curio.

On three occasions the minister used the pronoun "he" during the telephone conversation. Twice he used the word "president" and used the expression "his emissary." Curio hung up the phone convinced that when saying "he," the justice minister was referring to Collor. The "president," in turn, would also be Collor. The "emissary" who would look for him, he concluded, would be someone sent by the president. "It could not be another person. Whose emissary would he be? And the president, the president of what would he be? Of Petrobras?" [Brazilian Petroleum Corporation] the former deputy asked. He does not remember the exact time of the telephone call, but recalls that "it was after lunch."

"I think I called from Planalto Palace, but I am not sure," Cabral said. The former minister was in fact in Collor's office on 3 September, and early in the afternoon he went to visit Senator Jarbas Passarinho, his successor at the Justice Ministry. "Cabral showed up at approximately 1430 and said that he was just leaving the president's office," Passarinho recalls.

The following day, Tuesday, 4 September, PC Farias talked over the phone with Curio. The businessman did not mention the name of any official, but only those of his secretaries Marta Vasconcellos and Rosa, probably Rosinete Melanias, the same who testified before the CPI [Congressional Investigating Committee], and of Scheuer, an executive board member of the Mercedes Benz Company. PC talked about money, and twice he referred to "our friend." "He was referring to President Collor," Curio said, "so much so that afterwards Dr. Paulo Cesar mentioned the campaign office of 'our friend' where I should look for the money. It was Collor's committee operating in that place." Today, the place that served as Collor's electoral campaign headquarters shelters one of PC's companies, Brasil Jet. It was there that the money was given, in two parcels of 5 million cruzeiros, handed over to an individual trusted by Curio. During the final part of the telephone conversation, Paulo Cesar Farias asked Curio to phone the following day to Scheuer, to thank him for the "contribution."

20 September 1990: The Money

Curio was careful to phone Scheuer at the Mercedes Benz office, and not to fall into "details," as recommended by Collor's treasurer. "Today I do not know whether Dr. Paulo Cesar asked Dr. Scheuer for a contribution of only 10 million cruzeiros, or whether he asked for $1 million, using my name," the former deputy said, expressing a doubt also shared by Bernardo Cabral. The day he made the promise the 10 million cruzeiros were equivalent to $140,000, but it took two weeks for the release of the first parcel. The candidate had gone several times to the "office of our friend," where he was received by Marta Vasconcellos. "I talked to her and she said that the parcel was delayed," Curio says. "On one of those visits, Marta told me that it had gone beyond her jurisdiction, and that I should phone Rosa." The former deputy has kept the records of those phone calls to Rosa, from PC's office in Sao Paulo, and he has a copy of the bill for one of the calls made from his house in Brasilia. On 20 September, when we were fewer than 15 days away from the elections, the first parcel arrived. What a coincidence: That evening, PC Farias was in the office of then Economy Minister Zelia Cardoso de Mello, fighting for the interests of Mercedes Benz, the company where Luiz Scheuer was working. On that day, PC handed over to the minister a note asking her to change a resolution by BNDES [National Bank for Economic and Social Development] President Eduardo Modiano, which guaranteed a reserve of the market for the Brazilian bus assembly lines, the only ones authorized to make sales financed by public money to the municipal mayorships.

After a call with the good news, Curio sent an envoy to Brasil Jet. This person was sent to a room where he met Commander Jorge Bandeira, one of PC's financial helpers. Bandeira opened a checkbook and signed a check for 5 million cruzeiros. Curio's envoy told him that he then witnessed a vey strange scene: Bandeira signed a check from a Rural Bank checkbook that was not in his own name, but in that of Jose Carlos Bomfim. It was a joint account with Regina Silva Bomfim. The account, the number of which was 0106101-2, was in her name, and her CPF [Individual Taxpayers Register] was 289,853,037-91. The check was a work of forgery in the hands of PC's adviser. CPF 289,853,037-91 does not belong to Commander Jorge Bandeira or to Jose Carlos Bomfim. It is the CPF of a veteran employee of Bank of Brazil named Luis Carlos Dutra do Carmo, 50 years old, who lives in Niteroi, Rio de Janeiro State. Dutra do Carmo, who has no connection to the story, reported: "I even had problems because of that when I applied for a credit card. I investigated the reason for the problem, and found out that it was a swindle case."

1 October 1990: The Check

Curio's envoy returned to "our friend's office" two days before the elections to receive the second part of the money. Upon returning, he reported that the same Jorge Bandeira had signed one more check in Jose Carlos Bomfim's checkbook with the same CPF 289,853,037-91. With the check in his hands and only 48 hours to finish the hunt for voters, Curio opened account 13,247-2 at the central office of the Bamerindus Bank in Maraba. "He was in a great hurry, and wanted to know whether it was possible to begin using the money immediately, without waiting for the check to clear," said Manager Vilson Moraes Gomes to Leonel Rocha of the VEJA office in Brasilia. Rocha looked for, and found, the fatal check. "The date on the check was 2 October, but he deposited it on 1 October," Gomes added.

Curio had tremendous prestige in the region. He was introduced to Manager Gomes by former Deputy Paulo Bosco Rodrigues Jadao, who was the local coordinator of his campaign. Jadao recalls: "I told the manager that Curio was going to open an account and move a great deal of money." Curio did not need to leave the Vale do Tocantins hotel room where he usually stays when he goes to town. He opened the account from the hotel room. Despite the new client's credentials, Manager Gomes was distrustful. He called the Rural Bank office in Brasilia to learn whether the check had funds. The Rural Bank office manager, whose name Gomes does not remember, told him not to worry: "This check was written by government people. You may cash it."

3 December 1990: In the Suite

At the end of the campaign, Curio was elected second alternate of the Para State bloc. Back to his gold panning concerns, he received a message from PC two months after the elections. The treasurer wanted to talk to him urgently. The meeting was to be held at the National

Hotel presidential suite 1022/1023 in Brasilia. This suite was occupied by Jorge Bandeira as permanent guest for 18 months. Even when he traveled, Bandeira left his clothes in the suite. Brasil Jet paid the daily hotel rates which, according to the hotel price list, totalled 810,000 cruzeiros. National Hotel Manager Antonio Marques said: "He had a discount, as all permanent guests do. I believe it was a 50 percent discount."

In the company of a witness and carrying his briefcase, which was slightly larger that the executive type ones, Curio went to suite 1022/1023 on the evening of 3 December. After waiting for five minutes, Jorge Bandeira took him to a large room, where PC was sitting at a sofa. In four months, the decree Collor had signed during the 12 July meeting when they had discussed gold and votes would expire. As the president of the Serra Pelada Gold Prospectors Cooperative, Curio was getting ready to sign a contract with a dredging and earth leveling company—Servas—that would work at the gold field, where there were security problems. As Curio sat in front of him, PC told him that he did not agree with the project. Curio recalls: "He said Servas did not have the resources for the work, and clearly said that the company 'owed them support for the campaign.'" Showing familiarity with the Federal Savings Bank [CEF] figures, PC mentioned the exact amount of credit that the company had to receive, but added: "They will not receive this money." PC spoke as if he were the CEF's real president. Theoretically, the CEF president at the time was his dear friend, the notorious Lafayette Coutinho.

According to Curio, PC soon made his proposal, aimed at laying his hands on the 500 tonnes of gold believed to exist in Serra Pelada. The Black Bat owner told him: "You are coming to Sao Paulo with me now. We are going to sign the contract with one of my enterprises, which has credentials and is very good." PC also explained that contrary to Servas, although he would do the work he would leave the gold collection to the gold prospectors. He said that the "very good enterprise" would mechanize the work and pay royalties [preceding word in English] to the cooperative presided over by Curio. He added: "It will be a profitable business for all of us."

The treasurer announced that he was leaving for the airport, where a small jet plane was waiting for him. PC invited the former deputy to accompany him to Sao Paulo, where the contract would be signed. Curio's agreement was indispensable. Article 147 of the Constitution establishes that the cooperatives, and not the mining companies, have priority in prospecting and digging minerals. The former deputy made an appointment to meet PC at the Lider Company hangar, and dropped by his home to get some clothes. On the point of boarding the plane, he gave up the idea of going along, because he thought the entire operation was too suspicious. He reported: "PC only said 'all right,' and boarded the plane." Curio added: "I hope Mr. Paulo Cesar Farias does not deny this, because if he does he could have some very disagreeable surprises."

In March 1991, President Fernando Collor signed a new decree extending the permission for the gold prospectors to remain at Serra Pelada for three more months. In June, he established one more deadline: February 1992. Then, Serra Pelada was declared a national historical monument. It was forbidden to dig for gold there, but underground extraction, which can only be conducted by mining companies, was authorized. "The surface of the field became a national monument, but the underground could be dug," Curio asserted. "Everything indicates that PC influenced this decision. I did not accept the business, and the gold field was declared a national monument."

Last Friday [17 July]: Lies

Last Friday, VEJA contacted the officials involved in Curio's charges. Informed of the general outline of the case, journalist Pedro Luiz Rodrigues—who is the presidential spokesman—asked for some time to look into the charge. A little later, he reported: "President Fernando Collor denies having helped any candidate in the elections." Informed of the charges, PC's reaction was a firm protest: "This is a lie. I do not know Curio, and have never given him any money." Learning about the details of the story, PC made his words milder: "I may have talked to him over the phone, but I do not remember having contributed to his election as deputy." Forced to analyze some other minor details, such as the number of the National Hotel suite in which he met the former deputy, he admitted: "I once spoke to Curio personally, and I believe it was at the National Hotel."

In Switzerland, where he was spending his vacation, Mercedes Benz Director Luiz Scheuer said that he did not know who Sebastiao Curio was. "I believe he is the deputy who was at the Araguaia, correct? I have seen a photograph of him in a magazine." Presented with other details, the Anfavea president admitted that he may have spoken to Curio over the phone. "I received requests from many candidates at election time." Told that Curio is a former intelligence officer who has the habit of documenting his charges and recording telephone conversations, Scheuer admitted to the dialogue in which the former candidate thanks for his help and he says that he will ask for a favor in exchange. He agrees that it may have occurred. He asked, however: "Wasn't the question an ironic comment?" No, it wasn't. "I reaffirm that I did not give him money, neither in my personal name, nor the Mercedes Company's name, nor in Anfavea's name."

The three journalists who have listened to Curio's tapes and have already spoken to him, to PC, to Cabral, and to Scheuer have no doubts: The voices in the tape are theirs.

In Rio de Janeiro, Bernardo Cabral was puzzled over two aspects of the denunciation. "Curio's interest cannot be simply to increase the numbers of the party bloc, or to elect one more deputy. What did Mr. PC expect from Curio? It is known that Curio has power in the gold prospecting mines in Serra Pelada." Another thing that

puzzles him is how PC Farias received Sebastiao Curio's telephone numbers. According to Cabral, he and the former deputy took the numbers and handed them over to General Agenor Homem de Carvalho, chief of the Presidency's Military Household. Cabral does not admit the idea that General Homem de Carvalho had given the numbers to PC Farias. In his judgement, there is another theory: that Collor himself had given him the numbers. "I cannot say that the president ordered Mr. PC to call Curio," Cabral said. "But I can say that neither I nor General Homem de Carvalho had the slightest contact with Mr. PC. If we did not provide the telephone numbers, how did they end up in the hands of Mr. PC?"

Bernardo Cabral claims that he never talked to PC while he was in the government. But PC Farias himself said that this is not true. "I talked on the phone with Cabral at least twice, and once personally, when he was justice minister," PC said. However, PC claims that he does not know Luiz Adelar Scheuer. "I was at the Mercedes Benz office only once, and I never talked to that Scheuer." It is Scheuer's turn to deny him. "I had a meeting with PC during the presidential campaign. The following year he did not stop calling me," Scheuer said. According to Scheuer, PC Farias phoned several times to his office to talk about the 1990 electoral campaign. The treasurer never mentioned the details, arguing that he would rather discuss them in a personal meeting. "Once, he was quite irritated because I refused his invitations," Scheuer said. Conclusion: Someone, or some of them, are lying about this story.

Sebastiao Curio began denouncing PC's actions in the Serra Pelada gold mines in February 1992, when the place was declared a historical monument. When he was sought by VEJA on Friday, 10 July, to explain his denunciations, he broke five months of silence. Curio repeated his accusations in three lengthy recorded interviews in the offices of this magazine in Sao Paulo, during which he added new revelations in the case. "I regret to have to be making these denunciations involving President Fernando Collor, for whom I feel great admiration," Curio said. "I am not betraying anyone. I only believe that one person must be removed from the role he is playing. As there is a CPI, investigating the dishonest activities of Mr. Paulo Cesar Farias, I could not remain silent." The former deputy is aware that he is incriminating himself as having benefited from an electoral crime. "I have assumed my responsibilities, but am I the only or greatest evildoer in this story?" he asked. "My head is very insignificant, and if it has to roll, that's too bad. But I hope it will not be only mine." Curio took a step ahead of speculations on possible connections, and asked a favor: "Do not tell me I am playing the game of some military group. I am acting in defense of the Serra Pelada gold prospectors, and for the benefit of the country."

Now: The Legal Issue

The denunciation involves five people: the president of the Republic, former Minister Bernardo Cabral, businessman PC Farias, Mercedez Benz executive director Luiz Scheuer, and former Deputy Sebastiao Curio. Last week VEJA consulted an electoral judge and an electoral court prosecutor to assess the involvement of each of them. Speaking theoretically, without knowing the names of those involved, both voiced the opinion that all five could be considered guilty of an electoral crime, and if tried could receive sentences of between three months and one year. "Both the candidate and the main government official who are involved are equally responsible," the electoral judge explains. "The first committed the crime of accepting illegal resources, and the second of preparing the plot." The situation of the others could be modified depending on the circumstances. The businessman who gave the money and the citizen who acted as intermediary would have a chance of receiving lesser sentences, should they prove that they were unaware of the illegal details of the plot, or that their participation in the crime was less important than that of the other two.

Curio wants to testify before the CPI.

First Telephone Conversation

PY2407160492 Sao Paulo VEJA in Portuguese 22 Jul 92 pp 18-19

["First" recorded telephone conversation, between former Deputy Sebastio Curio Moura and Bernardo Cabral, then Brazilian justice minister, on 3 October 1990]

[Text] The first telephone call was made on 3 October 1990 by Bernardo Cabral, who was justice minister at the time, to Sebastiao Curio, candidate for deputy. The recording of the conversation lasts 111 seconds. During the call Cabral asked Curio where he would be during the next few days, so that an envoy could find him. The repeated telephone numbers and a few words were omitted. VEJA's explanations are in parantheses.

Cabral: Deputy Sebastiao Curio?
Curio: Yes.
Cabral: How are you? This is Bernardo Cabral speaking.
Curio: Hello, minister, how are you?
Cabral: Is everything OK?
Curio: All is well, minister.
Cabral: ...president's cabinet. (The beginning of the phrase is indistinct in the recording. Curio recalls that Cabral said: "I am here at the president's cabinet.)
Curio: Indeed.
Cabral. Don't worry. Somebody is going to visit you. He says this cannot be solved in 24 hours...
Curio: Yes...
Cabral: But somebody is going to visit you in Belem.
Curio: In Maraba, minister.
Cabral: Oh, in Maraba?
Curio: That's right.
Cabral: I want you to tell me more or less where to find you, where you will be each day.

Curio: Yes.
Cabral: You would give your phone number—take note of this—to Doctor Pojo.
Curio: Doctor...?
Cabral: P for Peter, O, J, O—Pojo.
Curio: P-O-J-O.
Cabral: Dr. Pojo is my secretary there for Justice Ministry legislative affairs (Curio noted that the word "there" might be a sign that Cabral was not at the Justice Ministry but rather at Planalto Palace.)
Curio: Very well, minister.
Cabral: Let him give me your addresses, so that I, in turn, can supply them to the president every day, so that when his envoy goes to see you he knows where to find you. (According to Curio, the "president" in that phrase referred to Fernando Collor. He also said that during the next phone call he learned that Paulo Cesar Farias was "his envoy.")
Curio: Very well, minister.
Cabral: Is that OK?
Curio: Yes, sir. I will phone Pojo then?
Cabral: Phone him, phone him. And if you can, tell him where you will be today.
Curio: I can tell you where I will be.
Cabral: Do you have it at hand?
Curio: I do.
Cabral: Very well, can you give it to me?
Curio: I will do so right now.
Cabral: Then you do not need to give it to him. Give it to me, I will jot it down. Just a minute.
Curio: Very well, minister.
Cabral: Yes, I am listening.
Curio: Minister, I will be at the Vale do Tocantins Hotel, in Maraba. The direct dialing code is 091. My room number is 214.
Cabral: Wait for news, OK?
Curio: OK, minister.
Cabral: Regards.
Curio: Thank you very much for everything. My regards, minister.

Second Telephone Conversation

PY2407191092 Sao Paulo VEJA in Portuguese 22 Jul 92 pp 20-21

["Second" recorded telephone conversation, between former Deputy Sebastiao Curio Moura and Paulo Cesar Farias, on 4 September 1990]

[Text] The second telephone call, between Paulo Cesar Farias, alias PC, and Sebastiao Curio, was made on 4 September 1990. The conversation lasted six minutes and 43 seconds. There were interruptions, while PC waited for Rosa [secretary Rosinete Melanias] to answer the phone. During the conversation PC and Curio agreed on the details which would allow the National Reconstruction Party deputy candidate to receive 10 million cruzeiros for his electoral campaign.

(Unintelligible noises.)

Curio: Who's speaking?
PC: Paulo Cesar Farias.

Curio: Of course. How are you, doctor?
PC: How are you?

Curio: How is everything?
PC: Look. Our friend. You know who I'm talking about, right?

Curio: Yes.
PC: He called me. He wanted to get in touch with you. (Curio interpreted "our friend" to be President Fernando Collor, whom he met at Florentino Restaurant in Brasilia, three days before.)

Curio: Yes.
PC: He wanted to know how we could help you.

Curio: Yes.
PC: Is that okay?

Curio: Very good, doctor.
PC: You know who it is I'm talking about, right?

Curio: Yes, yes.
PC: Okay. Listen. How much do you need?

Curio: I let him know yesterday. That would be the minimum, right? (Curio said that the word "him" in this sentence referred to former Justice Minister Bernardo Cabral, from whom he asked 10 million cruzeiros—nearly $120,000 at that time—for his campaign in support of his candidacy for federal deputy)
PC: Hmmmm...

Curio: Because I am carrying out a good propaganda campaign. I got some placards and so on, shirts.
PC: Hmmmm...

Curio: Vehicles. I have them over there.
PC: That's right.

Curio: But my problem is the need to get some election workers. Some important people came to me. That is the problem.
PC: Do you have an idea?

Curio: Right. I let him know. About 10. It will be enough for me to carry on until the end of the campaign. (The word "him" again reportedly refers to Bernardo Cabral. Then number "10" refers to the 10 million cruzeiros)
PC: Do you need all the money at once, or half and half?

Curio: No. It can be half and half.
PC: Right. Let's say—what day is today?—today is Tuesday. Right?

Curio: Today is Tuesday. (Tuesday, 4 September 1990. The elections were scheduled for 3 October.)
PC: If I send it by the fifth day. Is that fine? ("Fifth" means Thursday, 6 September.)

Curio: Very well.

PC: So what's the date arranged by people to receive the other half? You can set an appropriate date.

Curio: It is up to you to make a decision, doctor.
PC: Do you think that the 20th would be right?

Curio: Excuse me?
PC: On the 20th, or on another date?

Curio: All right. That could be.
PC: Somewhere else?

Curio: Right.
PC: Is that okay with you?

Curio: Fine, very well. I agree with that.
PC: Five on the 6th, and five on the 20th. (So: 5 million cruzeiros on Thursday, 6 September, and 5 million cruzeiros two weeks later, on Thursday 20 September.)

Curio: Very well.
PC: Let me tell you something.

Curio: Yes?
PC: Let me think how I'll do that. Just a minute.

Curio: Of course.
PC: (Shouts to another person): Rosa, come here! (He waits for 24 seconds)
PC: Rosa! (He waits for more than 8 seconds, and tells Curio): Just a moment.

Curio: Of course, doctor. (He waits for more than 29 seconds.)
PC: Do you have somebody in Brasilia who can take that to another person?

Curio: Yes. I do.
PC: Can you rely on this person?

Curio: Right. This is a very reliable person.
PC: Then hurry. Please make the following note. On Thursday, in the afternoon.

Curio: Right.
PC: You will go and get it that office owned by our friend from the campaign. Right? (Curio understood the phrase "our friend's office from the campaign" [quotation marks as published] to refer to President Collor's electoral committee headquarters in Brasilia, where the Brasil Jet offices are currently operating.)

Curio: Yes, I know it.
PC: You know where it is, right?

Curio: Yes.
PC: You will receive the first part from Mrs. Marta.

Curio: Mrs. Marta (Marta Vasconcellos Soares, PC Farias' secretary.)
PC: Right.

Curio: On Thursday afternoon.
PC: Your envoy will just say: "Look, I came to pick up a package for Deputy Curio."

Curio: Right. Right.
PC: And she will deliver it. Right?

Curio: Right, doctor. And the other part would be delivered on...
PC: It would be delivered on 20 September. You don't need to worry about that. You can keep your...

Curio: No. I am sure about that.
PC: You can arrange your activities with your friend there so that everything is just fine. Right?

Curio: Right.
PC: You don't need to talk with me on 20 September. On the afternoon of 20 September you'll do it the same way and everything will work. Okay?

Curio: Very well, doctor.
PC: Now, I want you to do me a favor. I want you to take note of a telephone number from Sao Paulo.

Curio: Yes?
PC: And you'll make a telephone call tomorrow. Take note of this number: 455-7342, or 418-6361. That's Mercedes Benz. Right? (Both telephone numbers belong to Mercedes Benz—the first one was changed, and the other is still the office of the enterprise's human rights director.)

Curio: Yes.
PC: You will talk with a woman named Mrs. Monica.

Curio: Mrs. Monica.
PC: You will say: "This is Deputy Sebastiao Curio."

Curio: Yes.
PC: "I would like to talk with Dr. Xoierrr." The spelling is S- H-O-E-R. Xoierrr.

Curio: S-H-O...
PC: E-R.

Curio: R. Of course. (Luiz Adelar Scheuer held the same post as before, that is, director of human rights and institutional relations at Mercedes Benz of Brazil. His secretary's name was Monica Wild. At that time Scheuer was also vice president of the National Association of Automotive Vehicle Manufacturers, Anfavea. He is the current president of this association.)
PC: You will just tell him this: "Look, I want to thank you for your help."

Curio: Right.
PC: Is that okay?

Curio: Right.
PC: That's all. Nothing else.

Curio: May I telephone today?
PC: No. You will call tomorrow, because he'll only be there in the morning.

Curio: At what time, doctor?
PC: Look, I would think at 0930 or 1000. He will be there. You will talk with Monica.

Curio: Of course, of course.
PC: I hope you will not fail to talk with him.

Curio: No, under no circumstances.
PC: You will tell him: "Look, I want to convey to you my thanks for the cooperation we are receiving from you. You can count on me."

Curio: Of course, of course.
PC: And don't give any more details.

Curio: Right.
PC: He will know what you are talking about.

Curio: Right, doctor.
PC: Is that all right?

Curio: Very well.
PC: Then, thank you very much.

Curio: No, I thank you.
PC: At your service.

Curio: You can rest assured that I will call. I am ready to...
PC: I am sure of it.

Curio: I'll be right over there.
PC: Our friend called me in Sao Paulo today, to ask me to resolve this matter of his. (The phrase "our friend" again referred to President Fernando Collor.)

Curio: Of course.
PC: Is that okay?

Curio: I am very thankful.
PC: And we are going ahead.

Curio: I will return the favor.
PC: I am sure of it. Count on me.

Curio: Very well, doctor.
PC: Look. If you have any doubts or an emergency, or for anything else, call Mrs. Marta at 321-8977, in Brasilia. (The telephone number is from Brasil Jet, PC Farias' enterprise in Brasilia.)

Curio: Mrs. Marta.
PC: Ask her to meet with me at any place...

Curio: Yes.
PC: Tell her that you want to talk with me, that she will inmediately contact you.

Curio: Fine.
PC: Right?

Curio: Right.
PC: Okay.

Curio: You can count on me at any time.
PC: A huge embrace.

Curio: Thank you very much.
PC: Thanks to you.

Curio: See you later.

PC: Thank you.

Third Telephone Converstion

PY2407214092 Sao Paulo VEJA in Portuguese 22 Jul 92 pp 22-23

["Third" recorded telephone conversation between Deputy Sebastiao Curio Moura and Luiz Adelar Scheuer, then director of Mercedes-Benz Company of Brazil's Human Rights and Institutional Relations Department, on 5 September 1990]

[Text] Third phone call: Sebastiao Curio phones Luiz Adelar Scheuer, who at that time was director of the Human Rights and Institutional Relations Department of the Mercedes-Benz Company in Brazil and vice president of the National Association of Automotive Vehicle Manufacturers, Anfavea. Scheuer currently maintains his post in the Mercedes-Benz Company and has become Anfavea president. Curio, following PC [Paulo Cesar] Farias' instructions, phoned Scheuer to thank him for his "great kindness." The call was made on 5 September 1990 and lasted three minutes and eight seconds. It was a conversation between two people who did not know each other. Curio called Scheuer Sauer and Scheuer, in turn, thought Curio was a candidate to deputy for Tocantins State, when, in truth, he was candidate for Para. He also believed that Curio was seeking his reelection but, in 1990, what he was doing was trying to regain a seat in the Chamber of Deputies after withdrawing his candidacy in 1986.

Secretary: Hello, Deputy Curio?
Curio: Yes.

Secretary: Good evening. Just a minute please, Mr. Scheuer will speak to you.
Curio. Certainly. Thank you very much Ms. Monica. (At that time Scheuer had a secretary named Monica Wild. She now lives in Germany.)

Secretary: Goodbye. (There is an 18 second wait.)
Scheuer: Hello?
Curio: Mr. Sauer?
Scheuer: Yes.
Curio: This is Sebastiao Curio calling.
Scheuer: Yes.
Curio: I am phoning to thank you very much for your kindness, if that is all right?
Scheuer: All right.
Curio: I am very grateful.
Scheuer: The only thing is that this has a, has a, has a... has a price.
Curio: What do you mean?
Scheuer: The only thing is that it has a price. I am only joking.
Curio: Ah, yes, yes.
Scheuer: I only know you vaguely. I know a bit of your background. I once had the chance to watch you in Congress, but we have never met personally.
Curio: It will be a great pleasure, after the elections, to visit you.

Scheuer: Yes.
Curio: To have a cup of coffee with you.
Scheuer: That is just what I was going to suggest.
Curio: It will be a great pleasure. I will go. You will be the first person I will visit.
Scheuer: Okay.
Curio: I want to tell you that according to Vox Populi I have the support of the mayority (Vox Populi is a public polling institute).
Scheuer: Is that so?
Curio: That's right.
Scheuer: Oh, that is very good. I did not know about Tocantins. I did not know how popular you are. But I am very pleased to know that. Regardless of this joint effort, I believe it is extremely important that you remain in Congress. (Curio was candidate for Para, not for Tocantins.)
Curio: Thank you very much. As you know I am all for the private enterprise. This is one of my strongest convictions and I will continue to uphold it.
Scheuer: Great.
Curio: And after the elections I will go and have a cup of coffee with you.
Scheuer: And we will toast to your reelection. (Curio was not a candidate for reelection.)
Curio: God willing.
Scheuer: All right.
Curio: You can rest assured I will be reelected because, although I am not very optimistic, I am a reliable person. My reelection is a fact. (The candidate does not correct Scheuer, as he also talks about his "reelection.")
Scheuer: All I recall is your relationship with the gold miner. That is, how popular you were, so I have no reason to doubt.
Curio: (laughing) Ah, I have a city I founded that bears my name. Curionopolis.
Scheuer: Is that so?
Curio: That is right. It is not far from Serra Pelada. It now has more than 80,000 inhabitants.
Scheuer: How very interesting...(the rest of what he says is indistinct.)
Curio: I founded it in 1981. As the gold miners could not take their families, their women into the mine, they gradually started leaving them there. I organized the city. According to Vox Populi's poll in Curionopolis, of the 36,000 voters there, 95 percent support me.
Scheuer: (Chuckles)
Curio: (Also laughs) Vox Populi could not believe it so it conducted another poll and confirmed the results.
Scheuer: (Indistinct...)
Curio: Thank you very much. I thank you for your kindness and support. You can count on me, on my friendship and also on a deputy who will firmly uphold our objectives.
Scheuer: Okay. I think the work you do for Brazil is very important.
Curio: Thank you very much.
Scheuer: My regards, deputy.
Curio: The same to you.
Scheuer: Thank you.
Curio: Thank you.

Collor Interviewed on Ibero-American Summit

PA2507001092 Madrid TVE International Television in Spanish 0500 GMT 24 Jul 92

[Report on interview with President Fernando Collor de Mello by TVE reporter Rosa Maria Cala in Brazil; date not given—passages within quotation marks are recorded in Portuguese with simultaneous translation into Spanish]

[Text] [Cala] "Do you think we can really talk about an Ibero-American community of nations, aside from rhetoric?

[Collor] "It is necessary for us to make a qualitative jump in our relations. That jump means the search for a common vision of the new world that is taking shape today before our eyes.

"Based on our identities, we have positions that strengthen the Ibero-American body because today we represent 10 percent of the world's population. Therefore, the Ibero-American world must try to influence the world's major decisions in a positive and constructive manner.

[Cala] "Do you think Spain and Portugal, particularly Spain, are doing what they should regarding Latin America?

[Collor] "We have undoubtedly found in the Spanish Government a great willingness to talk and cooperate with us."

[Cala] The Southern Cone is experiencing a period of democratic governments that carry the banners of change, state reform, fiscal reform, and severe adjustments. However, that picture is made gloomy by indigence, unemployment, poverty, lack of education and health, and corruption. For President Collor, the 1970s were years of prosperity, regardless of the mistakes that were made and the political obscurantism. According to Collor, the 1980s were years of democratic reaffirmation, and the 1990s represent a challenge to combine welfare and liberty.

[Collor] "We must return to the state the conditions required for it to fulfill its basic obligations to society. In other words, the state must provide society with the ideal conditions for education, health, housing, security, and infrastructure."

[Cala] Currently the inflation rate, which is still close to 20 percent monthly, is somehow being controlled; some privatization is under way; Congress is discussing fiscal reform; favorable agreements are being made with the IMF and the Paris Club; and the country has begun to participate in the Brady Plan, all of which have given Brazil a respite and greater hope of balancing its accounts. But now the imbalance is political. Charges of corruption, bribery, and influence peddling have affected President Collor himself.

[Collor] "The internal political experiences are a good test of the maturity of our institutions and of Brazilian politicians."

[Cala] The congressional commission that is investigating the accusations against the president will issue its ruling on 11 August. The president could be separated [suspendido] from his position. There is talk of possible social outbreaks and the ghost of military coups.

Vice President Franco has said he is willing to take over the government if necessary. A constitutional crisis is feared.

[Collor] "Absolutely not, absolutely not. Brazil's democratic structures have proved they are strong and mature enough to repel any attempt against the solidity of our institutions.

[Cala] "Do you feel alone?

[Collor] "No, I feel good. When the decision is made, it will be a lonely moment.

When the decision is made, congressmen must take into account what their hearts say.

[Cala] "What have you done right, and what have you done wrong?

[Collor] "When I get home at night, I listen to a good opera or symphony or I read a good book. Then I begin to think about what went well and what went wrong. I think about what I did right, where I failed, and what I can improve.

"I want to look at the positive aspects of my work. To sum it up in one phrase, I would say that our great accomplishment is the change of mentality that now exists in Brazil.

[Cala] "When you were a boy, did you ever say you wanted to be president of Brazil.

[Collor] "No. I wanted to be a jet fighter pilot. Later I thought about becoming a priest, but I never thought about going into politics.

"I entered politics by fate, not out of vocation, which I do not have. I entered politics by chance, and I remain in politics by chance. I am not here nor did I become president by chance, because that is the only decision I made in my political life. I decided to run for president. When I was mayor, the decision was made by my father. Later, I was called upon to be governor.

"In state government I perceived at some point that there was room for the message I had in the Government of Alagoas, a message of renovation and change."

[Cala] Since the first summit took place in Guadalajara 12 months ago, Brazil and its president have had a difficult year. Collor is here in Madrid trying to improve the international image of his country, which will host the Third Ibero-American Summit in 1993 and he is hoping, despite the obstacles, to end his mandate happily.

[Collor] "I am absolutely sure that at the end my term, Brazil will be a different country and its features will have changed. At the end of my mandate, we will stand by our allies who are also moving in the direction of political and economic liberty. We will be sitting together with those who today, as the First World, decide what we must do."

Marques Says Fiscal Reform To Reduce Inflation

PY2507023692 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 24 Jul 92

[Text] Economy Minister Marcilio Marques Moreira has once again repeated that the economic policy will not change and that inflation will really drop with the fiscal reform project. The minister participated in Sao Paulo in the first Latin American Liberal Forum.

Latin American development will depend on the strengthening of the market economy. This was the main conclusion of the first liberal forum for Latin America, which gathered representatives from nine countries.

It became clear during the discussions that countries participating in this forum have different problems but a common objective: to change the Latin American economy as a whole into a more open and more just market economy. According to the minister, one of the ways to achieve this is by strengthening the Mercosur [Common Market of the South].

After leaving the forum, Marques Moreira had lunch with Sao Paulo Governor Luiz Antonio Fleury Filho. During the sessions, the main subject of discussion was the fiscal reform. The minister does not believe in hyperinflation, and said that the fiscal reform project is a powerful weapon to defeat inflation.

[Begin Marques Moreira recording] Inflation will drop but only superficially until we achieve, to help the monetary policy, that more vigorous instrument that is the fiscal reform project. [end recording]

More on Economy

PY2507185292 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jul 92 Economy Section p 6

[Report by correspondent Paulo Sotero]

[Excerpts] Washington—The political insecurities prompted by the corruption charges against people linked to President Fernando Collor at the CPI [Congressional Investigating Committee] has caused a decline in the value of the Brazilian foreign debt notes on the secondary market. Despite the short-term problems they created, the political insecurities do not seem to have affected the positive perspective with which some analysts continue to view the economy.

Although it is clearly admitted that the political consequences of the investigations into the PC [Paulo Cesar] Farias scandal could disturb the implementation of the economic reform program within the next few months, there is also a growing belief that the corrupt Brazilian political system can be purified, gaining the people's credibility and increasing the possibilities for a definite modernization program. [passage omitted]

After reaching about 40 U.S. cents a few weeks before the announcement of the foreign debt agreement, Brazil's foreign debt notes were negotiated yesterday at about 32.5 U.S. cents, which is below the foreign debt notes of Panama, Ecuador, Honduras, and the Dominican Republic. [passage omitted]

'Commission' Collection by Leoni Ramos Group

PY2407234492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Jul 92 Politics Section p 4

[Report by Suely Caldas]

[Excerpt] Brasilia—Testifying before the Congressional Investigating Committee (CPI) investigating the PP [for former Strategic Affairs Secretary Pedro Paulo Leoni Ramos] scheme, Petrobras [Brazilian Petroleum Corporation] engineers Alceu Barroso Lima Neto and Edio Jose Rodenheber yesterday reported, with minute details, that entrepreneur Joao Muniz Alves de Oliveira—a member of the influence-peddling network started by former Strategic Affairs Secretary Pedro Paulo Leoni Ramos—collected a $500,000 commission in exchange for Petrobras' approval for the Concic [Engineering, Inc.] contractor company to work at the Mataripe refinery in Bahia State. [passage omitted]

Chile

Aylwin on Democratization Process, Honecker Case

PY2507200892 Santiago Radio Chilena Network in Spanish 1700 GMT 25 Jul 92

[Report by special correspondent Maria Angelica Rodriguez from Spain; passages within quotation marks are recorded]

[Text] President Patricio Aylwin has stated that democracy in Latin America is still in danger. He also referred to recent rumors on the so-called Honecker case.

Aylwin stated that the situation affecting Peru and Venezuela is a warning for the democratization process under way in Latin America. He made these statements during a news conference shortly before departing for Barcelona, where he will attend the Olympic Games with other presidents.

"I would say that the traffic light on our path is yellow, and that we should be alert and careful. We should not think that the danger to democracy has been overcome and say: Look, democracy in Latin America is a reality, an irreversible victory, and we can rest on the basis that we can engage in other matters without any problem because democracy no longer runs any risk. The truth is that events reveal, and it would have been naive to think otherwise, that democracy is a child that should be taken care of in Latin America and many other countries."

Evaluating the Ibero-American summit's results, he said that, unlike the one in Guadalajara, concrete cooperation agreements on education, health, and the fund for the indigenous people's development were reached. Aylwin, who looked communicative and in a good mood, stated that it is not possible to obtain immediate results.

"If people expect immediate benefits, that the president is returning with lots of dollars for things, or that as a result of this visit schools will be built or scholarships will be distributed, I would say that I am not carrying a long loaf of bread in my pocket. Those who expect this type of advantage know nothing about relations among nations, or human relations in a general sense."

Aylwin said that things need time and that multilateral accords establish guidelines that, if implemented, will likely lead to greatly improving the education system and obtaining scholarships and other benefits. During this summit, all the presidents stayed in the same hotel, which led to a closer rapport.

Aylwin held formal meetings with his Argentine and Honduran counterparts, and informal ones with the remaining presidents, including Fidel Castro, a controversial person who the Madrid press said was slapped by his peers' statements in support of freedom and human rights.

"I do not think that matters must be addressed amid slaps. We did not come here to insult each other. These statements reflected the aspirations, ideas, principles, and the willingness that obviously affects those who opposes them. [words indistinct]"

During the news conference at the Ritz Hotel, where security measures were reinforced, Aylwin reiterated that efforts are being made to try to solve the Honecker case. He termed groundless the news agencies' reports that this situation that began in December will be solved with Honecker's extradition on 26 July.

President Returns From Tour

PY2707131092 Santiago Radio Chilena Network in Spanish 1100 GMT 27 Jul 92

[Live relay from Santiago airport]

[Excerpt] President Patricio Aylwin has returned to Chile aboard the 707 Boeing Air Force plane which arrived precisely at 0804 at Santiago airport. President Aylwin is returning to the country after a tour of four European countries that lasted almost two weeks.

President Aylwin is at this moment walking down the airplane stairs. He is very well dressed and looks very well. He is wearing a dark gray overcoat. He is receiving

the cordial greetings and an embrace by Vice President Enrique Krauss. He is also receiving the protocol greetings of other officials. [passage omitted]

Government To Go Ahead With Proposed Reforms

PY2407232692 Santiago Radio Chilena Network in Spanish 1700 GMT 24 Jul 92

[Excerpt] The government will never relent in its attempt to strengthen democracy through the constitutional reforms it has submitted to Congress, according to Vice President Enrique Krauss.

Krauss made this statement when asked whether the government will change its strategy in order to reach an agreement with the opposition.

He said that in politics one must persist and continue to make progress, and experience has shown that agreements can always be reached. [recorded passage indistinct]

Regarding the document issued by the Army on these reforms that criticized him, which was published today by a local daily, Krauss said that he cannot make any comments if it is not an official statement.

He added that if the Army really has an opinion on these reforms, it should channel it through the appropriate channels: the defense minister. [passage omitted]

Valdes Comments on Reforms

PY2407235092 Santiago Radio Chilena Network in Spanish 1700 GMT 24 Jul 92

[Excerpt] Senate President Gabriel Valdes has asserted that the Armed Forces are fully entitled to give opinions on subjects that concern them, and reasserted his belief that the president of the Republic must appoint the Armed Forces commanders, as proposed in one of the constitutional reforms submitted to Congress.

Valdes commented on the document drawn up by analysts close to the Army that allegedly coincides with the analysis of the constitutional reforms being made by the military council in Lo Curro. This meeting is being attended by almost all Chilean generals.

Valdes said he believes everyone has a right to give their opinions on the constitutional reforms but that, in the case of the Armed Forces and the Army in particular, they must submit their opinions to the appropriate person: the defense minister.

The Senate president added that in subjects such as this one, the Army and the Armed Forces are deliberating forces and must have their own opinion about their structure. Valdes added: I do not think there is anything wrong about that nor does it violate the ban on the Armed Forces discussing politics because they are also entitled to voice their opinion on other subjects such as ecology, the structure of their organizations, or national defense.

Valdes also was asked his opinion on the constitutional reform that returns to the president of the Republic the authority to name the members of the Armed Forces high command.

The document drawn up by analysts close to the Army that was published today by a Santiago daily states that this reform seeks to politicize the Army. In this regard, Valdes said that this statement by no means matches theory or practice in Chile.

Valdes said: I know Chilean history and can assert that no president of the Republic has ever tried to politicize the Armed Forces by naming its commanders. That statement is groundless and I strongly reject it.

Valdes ended by stating that the people grant the president of the Republic authority to name those who will be in charge of the use of force, and they must enjoy his full confidence.

Several Bomb Attacks in Santiago 23 Jul

PY2407133092 Santiago Radio Chilena Network in Spanish 1100 GMT 24 Jul 92

[Excerpts] A series of bomb attacks were perpetrated in Santiago last night. [passage omitted]

The first bomb explosion took place inside the UTC multinational enterprise located on 365 Antonio Escobar Williams Street, Maipu neighborhood. The explosion of 250 grams of TNT destroyed 31 windows and a truck parked nearby.

Another attack was perpetrated against a Mormon Church located on Sergio Chepi, in La Cisterna neighborhood. For this attack the terrorists used 200 grams of ammonium nitrate fuel-oil blasting agents. Subversive pamphlets were found at the site of the attack.

Later on, another attack was perpetrated against a Mormon Church on Magdalena Vicuna Street. The bomb made with 200 grams of ammonium gelignite caused significant material damage.

The last attack was registered in the gardens of an office of the telephone company, located on 4532 Bernardo O'Higgins Avenue. The explosion of 400 grams of anfo also caused significant material damage.

Colombia

Escobar Outlines Conditions for Surrender

PA2407211992 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 24 Jul 92

[Live report by Guillermo Gonzalez from Narino Palace]

[Text] Attention: We have an urgent report from Narino Palace. Pablo Escobar reportedly will surrender in a

matter of hours. A few minutes ago President Gaviria's government issued a communique stating the following:

On the evening of 23 July, the national government was notified of a telephone conversation held by citizens who are fully identified with Pablo Escobar Gaviria's lawyers. They said they were willing to notify the government of Escobar's intention to immediately turn himself over to the authorities.

The lawyers asked that a person in Medellin who was appointed for such a purpose notify them of the details of the surrender. Moments later they reported certain conditions that were immediately relayed to the national government.

These are the conditions:

1. Respect the conditions that made possible Pablo Escobar's surrender to Colombian justice over one year ago.

2. Return to Envigado Municipal Jail as the site of imprisonment.

3. Reinstate the prison guards and maintain the system according to which the prison guards include National Prison Directorate members and Envigado Municipality personnel.

4. Maintain underground shelters.

5. Grant permanent permits to the inmates' relatives so they may enter the prison.

6. Withdraw the National Police from all operations involving the surrender and imprisonment process.

7. Return confiscated possessions.

8. The inmates are willing to serve the whole sentence to which they were condemned in Envigado Prison under the previous conditions.

These are the conditions Pablo Escobar reportedly has listed for his surrender to Colombian authorities.

Likewise, the lawyers claimed they have legal formulas to formalize Escobar's surrender.

The government communique states the following: The only acceptable option for the government is the inmates' unconditional surrender. The government will guarantee a fair trial and imprisonment in a safe place that protects the inmates' lives and guarantees their permanence in the country.

The government communique likewise states that within the guidelines established by the Constitution and the law, the Attorney General's Office is responsible for assessing the legal consequences of a voluntary surrender to Colombian justice by Pablo Escobar and the persons accompanying him.

New Conditions for Surrender

PA2607200292 Mexico City NOTIMEX in Spanish 1922 GMT 26 Jul 92

[Text] Santa Fe de Bogota, 26 Jul (NOTIMEX)—A Presidential Palace communique announced on 26 July that drug trafficker Pablo Escobar is reportedly willing to enter a regular prison, which could even be a military garrison. The communique adds that the drug lord, who rebelled and later escaped from prison to prevent his transfer to another top security prison, notified the government that he would be willing to surrender under new conditions.

Through persons close to him, Escobar asked that international forces and the Colombian Navy be in charge of surveillance at the prison where he would once again be confined. He also requested that reporters be able to visit him to verify that this would not be a luxury prison and that it would be totally independent. According to the narcotics trafficker, he would surrender in the presence of a committee that should include representatives from all political forces.

Escobar and his men asked that the National Police and the Directorate of Judicial Police and Investigations [Dijin]—which the drug lord considers to be his enemies—not be present at all.

In reply, the government accepted some conditions stating that the necessary decisions will be made and precautions will be taken to guarantee Escobar's safety, should he decide to surrender. The government said that Escobar will be assigned an independent cell and that visits by his relatives will be authorized.

However, the government reserved the right to choose any jail and did not accept excluding the National Police or any military force from guarding the selected prison. The government added that it cannot permit the immobility of any inmate, and that prisoners must comply with current penitentiary regulations. "The only acceptable solution is the unconditional surrender of the prisoners in exchange for a place and an impartial trial, as the government said on 24 July," the communique stressed.

Local media sources have interpreted Pablo Escobar Gaviria's announcement as a decision to surrender, which could be imminent in view of the fact he has softened his conditions.

Government's Recapture Efforts

PA2507180792 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1626 GMT 25 Jul 92

[Text] The national government continued to evaluate public order matters today. Strict control is maintained on operations to recapture Pablo Escobar Gaviria and his closest followers with whom he escaped this week from the Envigado high-security prison.

President Cesar Gaviria Trujillo and the justice minister are meeting with their advisers once more analyzing the

situation. Up to now there has been official secrecy, but it is said that a new communique is possible this afternoon.

Meawhile, in Medellin, 4th Brigade Commander General Gustavo Pardo Ariza is giving Army Inspector General Manuel Sanmiguel Buenaventura a complete report on how the operation that led to Escobar Gaviria's escape was conducted.

Father Garcia on Surrender

PA2707003392 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0001 GMT 27 Jul 92

[Text] Attention, attention: It has been reported that Pablo Escobar Gaviria will surrender to Colombian justice in the next two days. Emisoras Caracol has just been informed by Father Rafael Garcia Herreros that the surrender will take place in the next two days. Father Garcia Herreros is planning to travel to Covenas tomorrow. He claims he is going there to rest and read a book by the sea; that he is going there to relax. However, he added that he is willing to travel at a moments notice to witness Pablo Escobar's surrender. Father Garcia Herreros has asked the Colombian people to trust in the Colombian president and in the efforts he is making. He has asked the people to pray for the president and added that this problem, which he described as another incident, will be solved in the next two days. According to Father Garcia Herreros, Pablo Escobar will surrender along with some of the people who escaped with him from the maximum security jail in Envigado, Antioquia.

Escobar Reportedly in Area

PA2707014592 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0030 GMT 27 Jul 92

[Excerpt] [passage omitted] Intelligence sources this evening informed this television station that Pablo Escobar Gaviria is still in the Envigado area.

On 26 July in Medellin, noncommissioned officers Filiberto Joya, Hernando Morji, and Danilo Torres were discharged for their involvement in Escobar's escape. Soldiers Hector Diaz and Hector Zapata, as well as eight other soldiers, have also been charged with involvement in the escape.

Agreement Reportedly Near

PA2707013692 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0030 GMT 27 Jul 92

[Report by Jesus Garzon]

[Text] Attention: A possible agreement was reached this evening between the government and Pablo Escobar for his to return to jail. Escobar issued a communique softening the conditions he initially set. The government issued a communique on 26 July stating that Pablo Escobar Gaviria reportedly is willing to surrender. The communique adds that three well-known citizens brought the following message from Escobar Gaviria that outlines his conditions for surrender. The conditions are:

1. The jail or military garrison must be in Antioquia;

2. Once in jail, he will not be transferred;

3. The prison must be guarded by international forces and the Colombian Navy;

4. Reporters must visit him to verify that this is not a luxury prison;

5. He must have a cell for himself;

6. The National Police and Directorate of Judicial Police and Investigations [Dijin] may not be involved in prison surveillance;

7. The country's political forces must be present at his surrender;

8. Not everyone who escaped with him will surrender;

9. He withdraws the conditions for his surrender outlined a few days ago;

10. His family must be allowed to visit him.

The government responded:

1. It reserves the right to choose the prison;

2. It does not accept the demand to exclude the Police from the inmate surveillance system;

3. It rejects the demand barring any inmate's transfer;

4. It will guarantee Escobar's security if he surrenders;

5. It will give him his own cell;

6. It demands that Escobar fulfill his prison sentence;

7. Relatives might get visiting permits;

8. It guarantees a fair trial and imprisonment in a safe place.

Nevertheless, the national government says Escobar must return to jail just as any other prisoner.

Air Force Commander Submits Resignation

PA2407133692 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1234 GMT 24 Jul 92

[Text] Attention: General Manuel Jaime Forero Quinonez, commander of the Colombian Air Force, has resigned. Gen. Oscar Monsalve has been appointed acting Air Force commander.

We also report the following: Gen. Hernando Monsalve Figueroa, who was appointed acting commander of the Colombian Air Force, has reasserted his request to retire from this military branch. He submitted his request to the president of the Republic, Cesar Gaviria Trujillo.

Official, Director Fired

PA2407173892 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 24 Jul 92

[Guillermo Gonzalez report]

[Text] Heads have begun to roll as a result of Pablo Escobar's escape. On 24 July, Major General Hernando Monsalve, deputy commander of the Colombian Air Force [FAC], was dismissed after he was blamed for the delay in the arrival of special forces in Medellin. Homero Rodriguez, director of the Envigado prison, was also dismissed by the government in the past few hours.

Gen. Monsalve's dismissal came after a heated argument with Defense Minister Rafael Pardo Rueda. It was learned in the Narino Palace on 24 July that the high-ranking officer, who to date had served as FAC deputy commander, and was acting FAC commander, was blamed by Pardo for the delay in the arrival of special troops at the Envigado prison. FAC planes had been requested to transport those troops. A flaw in procedure apparently prevented the military planes from taking off in time, which caused a delay in beginning the military operation. According to the Defense Ministry, this could be one reason why the attempt to move Escobar and his henchmen was unsuccessful.

Gen. Monsalve requested an immediate discharge and the Defense Ministry agreed. Brigadier General Alfonso Abondano Alzamora will take over Monsalve's post from 24 to 27 July, when FAC Commander Jaime Forero Quinones will return.

Meanwhile, Homero Rodriguez, director of the Envigado prison, was dismissed by the government in the past few hours. These were the first two heads to roll as a result of Medellin Cartel drug kingpin's escape. At this time, President Gaviria, the defense minister, and top military commanders are still meeting at the Narino Palace. It was learned here at the Presidential Palace that an official government pronouncement on these events will be made in the next few hours.

Monsalve on Prison Events

PA2607124592 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1700 GMT 25 Jul 92

[Text] President Cesar Gaviria appointed the defense, justice, and government ministers to report developments on Pablo Escobar's escape but they have not said a word up to now. However, Major General Hernando Monsalve, the acting FAC [Colombian Air Force] commander who was dismissed on 24 July, has made statements to the media.

Gen. Monsalve has stated that he wonders why 90 men had to be flown in from Santa Fe de Bogota when there were more than 1,000 men in Medellin. He also confirmed that photographs, which could have shown Pablo Escobar's escape route, had been taken but were overexposed.

[Begin Monsalve recording] Because I did not accept government officials' attempts to blame FAC pilots for the events at the Envigado prison. [end recording]

[Announcer] According to Gen. Monsalve, who is no longer on active duty, it is very hard to understand why the transfer of 90 men could seriously jeopardize the operation [to transfer Escobar] when the 1,000 soldiers in Antioquia were not used.

[Begin Monsalve recording] I sometimes ask myself, why did we need so many soldiers? We already had a brigade with four battalions with a strength of 500 [number as heard] men each in Medellin. Why did we have to send so many soldiers from Santa Fe de Bogota? There were many soldiers in the area and they could have handled the problem perfectly well. [end recording]

[Announcer] Monsalve, who was the acting FAC commander on the day Pablo Escobar and his men were to be transferred from the Envigado prison, has asserted the FAC had already had problems with the Escobar case. Less than two weeks ago, he said, the FAC had received orders to fly over the Envigado prison so that a U.S. security adviser from the U.S. Embassy in Bogota could take infrared photographs of the Envigado prison that would establish if there were tunnels or secret paths at the penitentiary. According to Gen. Monsalve, Gen. Gustavo Pardo Ariza, who is the commander of the 4th Brigade, had coordinated this operation but when the FAC plane flew over the prison, the guards, who were apparently paid by Escobar, turned off all the lights in the penitentiary in an attempt to avoid the photographs. This action, however, was unsuccessful because the film used did not require light.

The guards at the penitentiary also fired on the plane and forced it to make an emergency landing at the Rio Negro airport. The U.S. Embassy official was able to take the photographs prior to the emergency landing and two Air Force officials took the film to Santa Fe de Bogota. According to Monsalve, Deputy Justice Minister Eduardo Mendoza picked up the roll of film and was warned that the film required special handling and development.

The photographs were requested at the beginning of the operation to move Escobar out of Envigado prison and it was discovered then that the roll had been overexposed. The deputy minister said the FAC had used defective film but Gen. Monsalve has charged that the deputy minister overexposed the film.

[Begin Monsalve recording] I do not know what will happen from now on. I, however, have observed that the FAC continues to be investigated. [end recording]

[Announcer] Regardless of who is to blame, the government did not get the photographs and was unable to discover Escobar's possible escape routes ahead of time. According to the officers involved in the transfer operation, the scarcity of information favored the escape of the criminal and his nine henchmen.

Army Personnel Helped in Escape

PA2607022192 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0030 GMT 26 Jul 92

[Text] Attention: We have received important, official details about Pablo Escobar's escape from Envigado Prison. The initial information refers to those who helped Escobar, and there is exclusive data on how he operated from Envigado Prison. Here is a report from our correspondent in Medellin, Luz Maria Montoya.

[Begin recording] [Montoya] In addition to the 26 guards held in Itagui, one junior officer and a soldier of the 4th Brigade, which is headquartered in Medellin, cooperated in the escape of Pablo Escobar and eight of his associates from La Catedral prison. Army Commanding General Manuel Alberto Murillo made that statement on the afternoon of 25 July in the capital of Antioquia.

[Murillo] We also have some indications of the possible participation of Army personnel. Those persons will be turned over to the competent authorities on 25 July so the appropriate investigations can be carried out.

[Montoya) Are they 4th Brigade personnel, General?

[Murillo] Yes, they do in fact belong to the 4th Army Brigade. The only explanation could be that one of the men defected. They will have to answer for their actions and for their affront to the National Army. [end recording]

Escobar and his men did not escape through a tunnel. They broke through the security fences in back of the prison and went into the dense jungle region. Unofficial sources who chose to remain anonymous confirmed to our newscast that Escobar escaped with money, that the security fences he broke through had been open for some time, and that the 26 maximum-security prison guards who cooperated in his escape were found with 20 million pesos.

"TV Today" also confirmed that Pablo Escobar possessed a device to control the prison lights. That is why power was mysteriously interrupted three times on the night he escaped. Although it had been announced on 24 July that military operations would be suspended in Envigado Prison, troop movement in that direction was continued on 25 July.

The junior officer and the soldier are being held by the 4th Brigade. They will be turned over to competent authorities in the coming hours. General Murillo confirmed on 26 July that in addition to luxurious surroundings, Pablo Escobar and his men had arms at the prison. That will be a very important factor in analyzing the various aspects of this unprecedented case.

During a news conference at the 4th Brigade in Medellin, Army Commander Manuel Alberto Murillo said on 25 July that it was the first time members of that institution had entered Envigado Prison, because their responsibility was to guard the prison from the outside. The General Directorate of Prisons is responsible for the prison's internal security. General Murillo also confirmed that Pablo Escobar and his son had a large amount of weapons.

[Begin Murillo recording] The Army's military operation, which was carried out both inside and outside the prison, has confirmed the existence of arms caches and weapons. The weapons are not the same type as those issued to the prison guards or to personnel in charge of internal security. [end recording]

General Murillo promised reporters he would quickly obtain clearance for them to enter the prison.

Gaviria Interview on Foreign Policy, Trade

PA2607225592 Santa Fe de Bogota EL TIEMPO in Spanish 19 Jul 92 pp 1B, 2B

[Interview with President Cesar Gaviria by EL TIEMPO corespondents Santos Calderon, Jose Hernandez, and Jose Luis Vargas; for the Diarios de America Group, to be published simultaneoulsy by EL MERCURIO in Chile, EL COMERCIO in Peru, LA NACION in Buenos Aries, and EL COMERCIO in Quito; at the Presidency on 13 July]

[Text] [EL TIEMPO] What are the consequences for the Andean Group of Colombia and Venezuela establishing commercial relations with Mexico within the framework of the Group of Three?

[Gaviria] The Andean Group feels that basically this is not an objective in itself, but an instrument toward broader free trade agreements within the Latin American community. This is the idea we have tried to sell, which we share with Venezuela and to a certain extent with Bolivia. We want to consolidate the Andean Group, but we do not want this to be an obstacle for Colombia advancing toward a free trade agreement with Mexico, Chile, the United States, and eventually with Mercosur [Common Market of the South].

[EL TIEMPO] However, the fact that Bolivia is looking to Mercosur, that Peru has adopted a wavering position with the Andean Pact, that Colombia and Venezuela are members of the Group of Three are signs that the Andean Pact is not in its best moment.

[Gaviria] Bolivia's interest in reaching an agreement with Mercosur is natural, just as Colombia is interested in a trade agreement with Mexico and Chile.

Now, the problem in Ecuador is basically that somewhow, it wants to continue receiving preferential treatment. We have agreed that it can be granted. However, it has not been possible to agree on the conditions. The special treatment was approved during the past meeting in Quito, but it could not be implemented due to Peru's objection.

I do not feel the differences with Ecuador are too serious. I am also convinced that the new government of President Sixto Duran will show the same willingness to

overcome those differences shown by the outgoing government of President Rodrigo Borja.

In the case of Peru, there have been reports over the past months of internal debates within the goverment of President Alberto Fujimori on the convenience or not of Peru remaining in the Andean Group. We want Peru to continue as a member; however, we would have to accept any decision adopted within the Andean Group.

At the Cartagena meeting during which it was agreed to advance toward the definition of this group as a free trade zone and the unification of customs, many of the changes and the expeditiousness of the process were to a certain extent due to Peru's demands, desires, and proposals. Therefore, we are surprised by Peru's hesitation to advance in the creation of a free trade zone and customs unity.

One of Peru's demands was that it wants a more calm process, noting that in a certain way, the Andean Group is more protectionist than it should be. However, at the decisionmaking time, Peru has not taken the necessary steps to begin a process similar to the one between Colombia and Venezuela, which already has resulted in integration, a free trade zone, and customs unity.

Peru has not shown willingness. It has made demands that are difficult to meet by Colombia and particularly by Venezuela. However, I trust that those problems will be overcome, that Peru will remain in the Andean Group, and that we will be able to see broader trade zones.

[EL TIEMPO] Last week President Fujimori hinted that the attitude of [Venezuelan] President Carlos Andres Perez largely explained the obstacles to the integration process placed by Peru. What is your opinion of such conflicts which can emerge within the Andean Group, and which already seem to be getting personal? What mechanisms are there to handle such situations?

[Gaviria] I would say that the disruption of the constitutional system in Peru has created difficulties for the Andean integration process. However, Colombia feels that those difficulties are natural in a process of this nature. During the past meeting in Quito, Peru noted that the rupture of diplomatic relations [with Venezuela] was one of the main obstacles to their support for the creation of a free trade zone and customs unity. However, I believe that if there is enough political willingness to carry the Andean Group forward, those problems can be resolved.

[EL TIEMPO] Alan Garcia requested and obtained political asylum in Colombia. Do you believe he has violated the rules of political asylum, thus jeopardizing Peruvian-Colombian relations?

[Gaviria] The main restriction a person in political asylum has is that of not participating in domestic politics and that is the main concern they should have. Therefore, Colombia hopes Alan Garcia will comply with these commitments, and—of course—Colombia hopes that Garcia's political activities will not disrupt the good relations between Peru and Colombia that we all want to maintain.

There is no specific complaint that Alan Garcia has violated the obligations he has as a person receiving political asylum.

[EL TIEMPO] You have pointed out that Colombia wants to advance toward a free trade agreement with the Mercosur. Is this a priority objective at this time?

[Gaviria] I think it is too early to think about that. It is evidently a short-term objective, but Colombia is first giving priority to strengthening integration with Venezuela and promoting free trade agreements with Mexico and Chile in the Andean Group. Later on, we will go into another stage in which we would be thinking of Mercosur and the United States.

[EL TIEMPO] Is that the order of priorities?

[Gaviria] Yes.

[EL TIEMPO] Your moderate position in the face of the situations that hinder full democratization in the hemisphere, such as in the cases of Haiti and Cuba, is in contrast with a more harsh stand by Argentine President Menem in the Group of Rio. Does this imply a rift between the two?

[Gaviria] This merely shows the diversity of opinions there are in Latin America on the manner of confronting those problems of breaks in democracy in the hemisphere. In the specific case of Haiti, for example, we have had significant differences with the Argentine Government because Colombia thinks that a military intervention should only be a last recourse, and that anyhow our country would not be willing to participate in such a decision.

Colombia insists that all diplomatic resources and economic sanctions should first be used before thinking of such a decision, and we have had significant differences of opinion with Argentina and even with Venezuela and other countries of the hemisphere.

In the case of Cuba, we have had a common policy with Mexico and Venezuela that has basically meant that it is advisable always to keep open the channels of dialogue with Cuba, and that the solution of what one could call the Cuban problem must be achieved by the Cuban people themselves. It should not be the result of any intervention or any type of measures that could lead to an isolation even greater than the island has already experienced for several decades. Even though in the Group of Three we are convinced of the need to take steps toward the market economy and a greater democratization in Cuba, we have asked that the channels of dialogue between Latin America and Cuba remain open.

[EL TIEMPO] Could trade with Argentina be increased? If so, with what type of products?

[Gaviria] Argentine-Colombian trade is very low, and not because there are no possibilities of trade, but because the economies remained closed for so many decades, completely blocking the path of trade. However, we are convinced that the advance toward the internationalization and opening of the two economies is going to allow a much greater trade exchange.

We believe that the economies complement each other. They have agriculture of a mild climate, while we have a tropical climate. Argentina has an industry of capital goods that is much larger than ours, while we are better in light industry, to mention one of our characteristics. We believe that the economies complement each other, and that surely the processes of opening will create a flow of a significant and complementary trade.

[EL TIEMPO] What is the status of the negotiations for the free trade treaty with Chile and what goals does Colombia expect to reach with the signing of that treaty?

[Gaviria] We have not advanced much. We do not believe that it is difficult to reach a free trade agreement with Chile. We have had the same difficulties on the free trade agreement with Mexico, which are small obstacles in the Andean Group. Nonetheless, the way we understand it is that both Colombia and Venezuela seek to move quickly toward signing that agreement. We must point out, however, that as far as Colombia is concerned, the trade agreement with Mexico is a little more advanced. We are waiting for an overall timetable on the lowering of taxes for Colombia that would not come up immediately, as it has been done with Venezuela, but there would be a period of time before it was total, possibly with groups of products, some of which would be free of taxes quicker than the others.

I believe that the trade agreement signed by Mexico and Chile is a model, a point of reference of what could be a trade agreement between Colombia and Chile. There have been some contacts at the foreign ministry level to study a possibility such as this one.

[EL TIEMPO] In terms of products and commercial advantages, what can Colombia offer the Andean Pact, Mercosur, and Mexico?

[Gaviria] Rather than speaking about advantages, we must talk about complementarity. The only commercial agreement we can look at in terms of trade possibilities is the one we have with Venezuela. There it has been clearly established that the Colombian and Venezuelan economies have benefited. It is an agreement that has become one of the most important—if not the most important—reason for the growth of the Colombian economy. It has demonstrated that complementarity of economies is an important reason to promote trade.

I am sure that the phenomenon that has taken place with Venezuela would also occur with Mexico, Chile, or any other country on the continent with which we reached a similar trade agreement. These agreements only bring benefits, although at times there may be some temporary difficulties for certain industrial sectors. In any event, those difficulties are less important and critical than the fears expressed by businessmen at certain times.

When the agreement was reached with Venezuela, all kinds of negative predictions were made for some Colombian industries. Those predictions did not come true. There has been competition, but it cannot be said that any branch of economic activity has been dramatically affected by the trade agreement with Venezuela. On the contrary, it can be asserted that various economic activities have benefited from the agreement.

Venezuelans have a similar feeling. I do not think there is any doubt that their steel, petrochemical, and financial industries are very satisfied with their entry into the Colombian market.

[EL TIEMPO] To what degree is the carbon problem affecting Colombia? We see a tendency on the part of the EC to become more and more protective in that regard.

[Gaviria] It must be said that Colombia has preferential status with the EC, which is practically the same status enjoyed by the Lome Convention countries. We will have that status for a relatively short and temporary period of time, but we are not as affected as other countries by their commercial decisions.

However, there are specific aspects that concern us very much, particularly the very important banana export issue. Together with the Central American countries and Ecuador, we have been waging a diplomatic battle to keep the EC open to our banana exports. There is another factor that is not so important: carbon. Anyway, there is a great deal of concern about EC decisions that may lead to a closing of doors to our exports.

[EL TIEMPO] For some time now, there has been talk about the Pacific being a vital zone for the commercial development of Latin American countries. Colombian international relations have made that issue an objective for development. Specifically, what should Latin America's strategy be for entering those markets? Should it enter the markets within the framework of multilateral agreements?

[Gaviria] It is evident that the internationalization and opening of the Colombian economy has made foreign policy more important for Colombia. Those developments have made foreign policy dependent on commercial aspects. To some degree, the creation of the Foreign Trade Ministry is a recognition of that reality. In this era we have emphasized commercial aspects and policies against narcotics trafficking. As a result of those efforts we have obtained preferential status both in the United States and the EC, and we hope some day to receive similar status from Japan.

Concerning relations with other Latin American countries, which can easily be established by the declarations, the focus has been on commercial aspects. Regarding the Pacific Basin, the main aspects of our foreign policy are

also related to commercial decisions. Therefore, the Pacific Basin continues to be important to us. It is the area with the largest economic growth today. It will also undoubtedly be Colombia's greatest competitor. I am not referring to countries that are today experiencing rapid economic growth, but to new countries.

Let us say that when Colombia thinks of its competitors, it does not necessarily look to Taiwan, Korea, Singapore—countries that have somehow reached levels of greater development—but to China, Thailand, Indonesia, and the Phillipines. Let us say that our international agenda is so broad and we have taken so much time to defend our commercial preferences that we perhaps have not done enough to intensify our commercial ties with the East, where the main problem is transportation. But this will undoubtedly be an area of concern not only for this government, but also for future Colombian governments.

[EL TIEMPO] Do you think the OAS should state its position regarding the U.S. Supreme Court's recent decision on kidnappings abroad? How do you think that court's decision will affect your policy on drug traffickers and relations with Washington?

[Gaviria] We have rejected the U.S. Supreme Court's decision in the sense that it violates international law, and if implemented, it would be a clear violation of our country's sovereignty. We have stated our position in a letter we sent to the U.S. Government.

The assurances the U.S. Government has publicly given us makes us feel sure that such actions will not be carried out in Colombia. Of course, we support any multilateral organization's expression of its position in defense of international law and respect for the sovereignty and self-determination of peoples. We do not believe the U.S. Supreme Court's decision will affect the policy we have been implementing in Colombia of applying our justice system to punish those who commit crimes that can be viewed as international crimes.

We have been working hard to strengthen our judicial system, and we have made significant progress. Therefore, we doubt the United States will intervene or try to ignore what the international community has recognized as an important achievement, not just of the Colombian Government, but of Colombia as a country.

[EL TIEMPO] In other words, that position will not affect your government's policy on the submission of drug traffickers?

[Gaviria] No.

[EL TIEMPO] It is obvious that, notwithstanding Colombia's achievements and victories in the struggle against narcoterrorism, drug trafficking remains resilient. There are reports of this activity in Guatemala, Venezuela, Brazil, and now some outbreaks in Ecuador. At the same time, strong frictions have emerged between Peru and the United States and between Mexico and the United States concerning the policy against drug trafficking. From a Latin American standpoint, how would you evaluate the struggle against drug trafficking and the disagreements with the United States on the subject?

[Gaviria] I believe that since the meeting in Cartagena during President Barco's administration, the approach to the drug trafficking problem has changed considerably. I believe today's approach is more balanced. There is a clearer understanding that demand is an important factor in dealing with the problem. Today we can say that the United States and the EC are aware of the fact that demand is a very important factor, and that the problem is not exclusively related to supply and trafficking.

Recognizing that advancement, we have obtained commercial preferences in the United States and the EC, which in a way are part of what has been called alternate development policy. There has also been significant progress in the United States in the areas of prevention, rehabilitation, and health to reduce demand.

Budgets for that purpose have been increased, and based on the results of the San Antonio meeting, I believe there is greater recognition that this is a multilateral problem that the United States and a few Latin American countries cannot solve alone. There is more awareness that trafficking with money obtained from illegal activities such as the shipment of chemical products also plays an important role. I do not think that anyone denies the complexity of the problem. There are no unilateral solutions.

However, the progress made in diagnosing the problem, recognizing its complexity, and confronting its various aspects does not reduce the validity of the struggle that affected countries must face as victims of drug trafficking. The problems cannot be confronted without police or repressive actions. I also believe that unilateral solutions are wrong and biased.

AD/M-19 Calls For Support for President Gaviria

PA2507183692 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1606 GMT 25 Jul 92

[Report by Enrique Cumplido]

[Text] Barranquilla—The top leadership of the 19 April Movement Democratic Alliance [AD/M-19] is holding an extraordinary meeting at this moment in Bogota to analyze the state's actions, which caused the escape of drug trafficker Pablo Escobar Gaviria from the Envigado top-security prison.

The AD/M-19 members believe that the extreme right wing might be plotting to destabilize the peace process, which began in Colombia with the demobilization of various armed groups.

AD/M-19 leader Rosemberg Pabon, who was in Barranquilla but had to fly urgently to Bogota to attend this meeting, said that everyone must support President Gaviria and thus contribute toward progress in Colombia. Pabon

said he disagrees with [former justice minister] Enrique Parejo and [former government minister] Carlos Lemos Simmonds because they have an apolitical view of things; do not believe in anything; they think there is a power vacuum and believe that the best thing is to act tough, which would mean turning back to the darkest times in our democracy, the M-19 leader said.

* Principal Elements of New Penal Code Viewed

92SM0515A Santa Fe de Bogota EL TIEMPO in Spanish 1 Jul 92 p 9A

[Article by Edgar Torres: "Prosecutor General's Office Starts Off With Its Own Bible"]

[Text] Effective today, the prosecution of crime will be governed by 499 new rules. The Prosecutor General's Office will henceforth be guided by a new Code of Criminal Procedure.

That code is a veritable "bible," setting forth the conduct and procedures to be followed by the Prosecutor General's Office in investigating crimes, identifying the authors of the crimes, and conducting indictments before the courts. The instruments created are many in number, but the main ones are the following:

Investigation

A criminal investigation may last as long as the period of time set forth by the Criminal Code as the maximum prison sentence that may be imposed on the author of the crime.

In the case of murder, the investigation may take as long as 30 years, which is the term set as the maximum penalty imposed on a murderer. The same will be true of the crime of kidnapping and so on down the line, depending on the crime committed. The goal is to put an end to the immunity heretofore created by the premature prescription of criminal conduct.

Security measures: The code establishes the procedure of house arrest and release from prison based on an arrest warrant that remains in effect as long as the proceedings last.

In the case of the latter, the defendant has the right to be released within 180 days of the arrest, but the arrest warrant is not revoked. The latter remains in effect until the the criminal investigation is completed. Additionally, the "reopening of the investigation," which previously required the resumption of the investigation in search of more evidence, is eliminated.

Deferred entailment: The code authorizes prosecutors and, through them, Judicial Police units to defer the entailment of an accused person as long as it is deemed suitable or until the latter provides information on other major participants in a crime.

The goal is to prevent the premature arrest of individuals who are only minor links with criminal organizations when they could be used as a means to get to the true authors of a crime.

Supplying evidence: Henceforth, the victims of criminal conduct or their relatives may supply evidence directly relating to a case and thus be involved in the trial as a resource proving individual responsibility.

Interception of communications and warrants for raids: The new code grants solely to federal prosecutors the power to authorize warrants for interception and raids. Consequently, no judge of any military criminal court or head of any Judicial Police unit may grant such authorizations. The sole exception is cases of proven flagrancy.

Notification of Prosecutor General's Office: No Judicial Police official may exceed the deadline of 24 hours for notifying the Prosecutor General's Office of the commission of a crime and turning over any persons arrested or captured. The Office of Attorney General must also be notified immediately.

Secrecy of indictment process: The new provisions impose fines of up to 1,000 minimum wages on communications media for violating the rule of secrecy covering criminal investigations. In the case of officials, the fine varies between one and five minimum wages and implies additional penalties that may even include removal from office.

People's actions: The law allows the public defender or people's associations to participate in criminal trials (as in the case of assistance) in defense of the community's interests. The reason: Any criminal conduct implies social harm.

Timeliness petition: Without being forced to await the outcome of a trial, the victim of a case of robbery, for example, may request the restitution of a vehicle, television set, and so on, based on proof of ownership of the item in question.

Crimes requiring complaints: The code extends the period of time for filing the petition from six to 12 months. Such crimes include, among others: slander, libel, bigamy, illegal presence at the workplace, and violating another's residence.

Early hearing: Under the supervision of the Office of Attorney General, the law authorizes prosecutors to plea bargain with the authors of a crime.

The use of this power requires that the office of Attorney General have specific charges against the accused. On such a basis, the defendant and his legal counsel accept their responsibility and request that the attorney general ask the judges to reduce the prison sentence by one-sixth. Once such an agreement is reached, the court must hand down its ruling within 10 days.

Confession: Provided it is given at the time of initial questioning, is reliable, and used as a basis for a conviction, such a confession confers the right to a reduction of up to one-third of the sentence.

Sentence

The nation's judges will in all cases support the legality of bargains made between prosecutors and defendants and, at the request of the Attorney General's Office, may hand down a sentence of conditional execution in the case of crimes whose minimum prison sentence is equal to or less than two years.

Compensation for unjust deprivation of freedom: The courts may grant immediate payment of damages to citizens affected by arbitrary legal procedures.

Complete victim compensation: At the request of the victims of crimes, the courts will order payment of damages.

In cases of petty theft, crimes against economic patrimony not exceeding 100 minimum wages, culpable murders and culpable personal injury (traffic accidents, for example), compensation for damages will result in the termination of legal proceedings. Such a "prerogative" may occur only once in five years.

Definite sentences: The code puts an end to indefinite sentences, a ruling that previously forced the victim of a crime, at the conclusion of the criminal trial, to institute civil proceedings in order to obtain compensation for harm and damages and additional proceedings for the purpose of obtaining payment.

Discretionary appeal: The code grants the Supreme Court of Justice a discretionary period in order to review specific cases that, while not of sufficient import or unable to meet other requirements, may nevertheless be considered as examples for establishing jurisprudence.

Third party in cases of civil responsibility: In the case of an accident caused by a bus belonging to a private company, for example, the code allows citizens to demand that the company pay damages simultaneously with criminal proceedings under way against the person directly responsible.

Enforcement judges: The code creates judges to enforce sentences and the device of legal accumulation for all crimes.

Such judges will be responsible for guaranteeing the rights of convicted persons to freedom (two days of work and study yield the right to a one-day reduction) and must guarantee fair treatment in prison.

[Box, p 9A]

Faceless Prosecutors

Henceforth, prosecution of the crimes of drug trafficking and terrorism, previously under the Jurisdiction of Public Order or the Secret Courts, will be the responsibility of the Attorney General's Office.

Consequently, regional prosecutors or so-called "faceless" prosecutors will handle investigations involving the chiefs of the Medellin and Cali Cartels, members of the Revolutionary Armed Forces of Colombia (FARC), and the National Liberation Army (ELN) and trials of hired killers and paramilitary forces.

However, the code provides that the secret prosecutors will serve for no longer than 10 years and requires the chief of state to present a detailed report to Congress within five years on the results of their proceedings.

Regional prosecutors will appear before regional (secret) judges and the Regional Court, which until yesterday was the Superior Court of Public Order.

Mass Releases

Although neither the Executive nor the Judicial Branch has any reliable estimates as yet, application of the new code of Criminal Procedure could result in a veritable avalanche of release requests.

The Constitution confirms the principle of favorability, and on such grounds, hundreds of prisoners could demand, for example, that the government recognize their right to a sentence of house arrest in crimes carrying a minimum sentence of less than two years or that the trial be closed in crimes for which provision is made for the payment of damages.

Something similar could occur with the new system of reducing sentences. However, it is not known how many requests defendants and their legal counsel might file with the courts starting today, inasmuch as the circumstances in every individual case are different.

* New Prosecutor General's Office Profiled

92SM0504A Santa Fe de Bogota EL TIEMPO in Spanish 28 Jun 92 p 1B

[Interview with Prosecutor General Gustavo de Greiff by staff writer Edgar Torres; place and date not given]

[Text] It will be proven that crime does not pay: This is the commitment made by the prosecutor general. The Prosecutor General's Office will direct and coordinate the Judicial Police system of the National Police, and its units will seek solid evidence, including evidence against subversives and drug dealers. Judges will not be swamped with futile accusations.

Within 72 hours, 10,000 men and women (former judges of criminal proceedings, judicial office assistants, investigators, and technicians) will officially assume their positions as prosecutors and agents of the National Prosecutor General's Office.

This new institution will start operating officially on 1 July of this year, doing so with a specific task: to

underake the investigation of crimes, to identify their perpetrators, and to compile the necessary evidence for accusing the latter before judges.

What is the profile of that new agency? Gustavo de Greiff, the prosecutor general, answers this question.

[Torres] What will the Prosecutor's Office represent?

[De Greiff] We shall witness a deep-seated transformation of criminal justice. For years, under the inquiry system, we dispatched judges with training as arbitrators and no training as investigators to learn the circumstances surrounding a particular crime. And we assigned them to seek the person guilty of that crime without the necessary technical and investigative facilities. The result was that the system did not work.

Now, through prosecutors, prosecutory units, and technical investigation units, it will be the state that will set out to investigate and bring charges before the judges.

The Prosecutor's Office will direct and coordinate the Judicial Police [DIJIN-Judicial and Investigative Police Directorate] system of the National Police and the DAS [Administrative Department of Security]. It will have its own units, as well. At the same time, it will rely on the technical resources, laboratories, specialized corps to protect victims and witnesses, etc., of all these agencies, in addition to its own.

The Prosecutor's Office is an enormous system, with the capacity to collect evidence and draw up the necessary records to enable judges to issue verdicts and to issue them, I am not afraid of admitting it, in the direction that the Prosecutor's Office desires. At the time of the accusation, the Prosecutor's Office is already a concerned party in the process. In short, the Prosecutor's Office will prove that crime is not a profitable enterprise.

[Torres] The vast majority of prosecutors will be former trial judges, and the Judicial Police units will be the same. Is it optimistic to expect a major change?

[De Greiff] That is one of the titanic challenges that the Prosecutor's Office will have. It was impossible to disregard the existence of those thousands of civil servants and start with a clean slate. I know that there are trial judges who lack the necessary training to meet the criteria of what the Prosecutor's Office must be. Nevertheless, it is there that the training of personnel comes in. Those judges must realize that they will no longer be limited to receiving evidence compiled by other agencies and that, on the contrary, from now on they will have to go out seeking it and be leaders in procuring it.

Every prosecutor must understand that his role is no longer that of the trial judge, but rather that of the complainant. The final results of a trial depend directly on him. We shall not swamp judges with futile cases, and that entails sufficiently solid investigations. The training will be aimed in that direction.

[Torres] And what about the Judicial Police?

[De Greiff] The Prosecutor's Office has the constitutional authority to direct and coordinate the action of the technical corps. So we must put an end to the divorce that has existed between the police investigator and the investigating judge. The "arbitrator" did not have the police investigators under his command. Of course, I do not harbor the illusion that, just because the law says so, all the agencies will operate night and day according to the criteria of the Prosecutor's Office.

Nevertheless, what I can claim is that, if the constitutional and legal precept is not obeyed, the Prosecutor's Office will unhesitatingly initiate pertinent action.

[Torres] You carry the baggage of the congestion, impunity, and low profile of the administration of justice. How do you expect to deal with it?

[De Greiff] The low profile is one of the most serious problems of our justice system, and it has a raison d'etre: the shortcomings in the investigations blamed exclusively on judges, without considering the failings of the Judicial Police. That must change. The prosecutors and the Judicial Police units participating in each investigation are responsible for submitting completely structured cases for the judges' consideration. I shall not allow a judge to be forced to release a criminal simply because a prosecutor or a Judicial Police unit failed to consolidate a case.

As for the congestion, there are some concrete measures: an increase in the number of prosecutors, efficient organization of the work, and a reduction in the number of case records per unit in the Prosecutor's Office. In Bogota alone, there will be 200 additional prosecutors, compared with the number of trial judges that existed previously. Moreover, the prosecutors will work as a team.

[Torres] There is suspense regarding the New Code of Procedure, and some flaws have already been emphasized....

[De Greiff] For God's sake! We must put an end to that habit of criticizing every law or every institution before it has even started operating. The new code will have to be allowed to evolve. There is another reason: Concurrently with the criteria of reliability and efficiency that must be imposed, the Prosecutor's Office has some invaluable tools in that code.

Merely to authorize a conditional or provisional release, for example, prosecutors have complete freedom to require collateral bail bonds (cash deposits) that are really comminatory. For example, if an accused person cannot post it, he may not leave prison either.

The Prosecutor's Office will, at the same time, have the opportunity to request the early termination of the proceedings once a criminal admits the commission of a crime. It also may order the interception of communications and searches.

We realize that the Prosecutor's Office is not omnipotent nor sovereign and that it is subject to judicial disciplinary controls. We shall prevent abuses in the area of interception or searches, but we shall also use those new instruments very forcefully. The justice system cannot continue to be subjected to mockery.

[Torres] You are receiving processes for which the country is waiting: investigations of the drug tra:fic cartels and probes of guerrilla fighters and terrorists. Is there any criterion now?

[De Greiff] The cases involving submission to justice, for example, are being investigated, not only from the standpoint of crimes confessed, but also in connection with any other crime that may have been committed, as stipulated in the respective provisions. Neither then nor now has there been an effort to pardon, but rather to offer those implicated the guarantees of a fair trial, without any vindictive intention, but with the conviction that they must pay for the crimes committed. And that is what the country will see. The Prosecutor's Office will consummate each one of those cases.

[Torres] What will occur regarding subversion?

[De Greiff] The handling of the public order situation is the responsibility of the executive branch and the forces of order, but the problem of prosecuting crimes comes within the jurisdiction of the judicial branch.

The country recently observed the commander in chief of the Army quite rightfully complain that, while those in the Armed Forces who committed crimes were being prosecuted, there was not the same enthusiasm for prosecuting or investigating crimes committed by subversives. General Rocca was referring specifically to the chiefs and members of the guerrilla groups, and I think that he was right. I do not believe that there can be criminals enjoying privileges. It is impossible to conceive of those committing crimes under the pretext of political ideals not deserving to be prosecuted. And the Prosecutor's Office will engage in an impartial, but full-scale endeavor. We shall not spare efforts to prosecute criminals protected by political causes who attempt to violate the penal code. We shall be diligent.

For this purpose, we must intensify the presence of the justice system in the areas where there is conflict. The Prosecutor's Office will establish its own units and those of the Judicial Police in Santander, Uraba, etc.

We shall have prosecutorial units in the country, but for now we shall begin with units in the country's districts, circuits, and circuit headquarters and with Judicial Police units in all municipalities.

[Torres] Threats are beginning to be made against the controversial secret justice system, which is also being transferred to the Prosecutor's Office. There is infiltration, and corruption behind that. What will you do?

[De Greiff] We shall be relentness with those who are corrupt, on both the level of the Prosecutor's Office and that of the Judici:l Police corps. The Prosecutor's Office will have its own internal inspector's office. Now, with the argument that those being tried are entitled to know their judges and witnesses, the society cannot allow those judges and witnesses to end up being murdered.

If the criminals redouble their efforts to violate the secrecy protecting certain investigators, the Prosecutor's Office will also redouble its efforts to prevent the identities of its agents from being discovered, and will offer the necessary protection. We shall not be intimidated by organized criminals.

As for witnesses, we should begin by pointing out that testimony has been increasingly losing significance as sole evidence. Technical laboratory evidence, judicial inspections, and studies of documents are beginning to make inroads, and we shall intensify the procurement of that type of evidence.

At the same time, we are more ready than ever before to offer protection and to do our duty. This means changes of identity, support provided abroad, etc.: anything that may be necessary. The final goal, my final goal, is for every Colombian to realize that he can trust the Prosecutor's Office.

[Box, p 1B]

The Prosecutor's Office in a Nutshell

The National Prosecutor General's Office will operate through seven specialized offices: five assigned directly to the prosecutor and two assigned to the assistant prosecutor.

The national prosecutor general will personally direct the office for protection of victims and witnesses, the crime information and prevention center, the Prosecutor's Office internal inspector's office, and the legal and planning offices.

Meanwhile, the national assistant prosecutor general will be responsible for the office of international affairs, a division through which the agency will take over the process of exchanging evidence and mutual judicial assistance.

Three directorates on the national level supplement the new agency's top echelon: the National Directorate of Prosecutors' Offices, the National Judicial Police Directorate, and the Administrative and Financial Directorate.

The National Directorate of Prosecutors' Offices will coordinate the Prosecutor's Office units throughout the country; and the same will be done by the National Judicial Police Directorate with respect to the DIJIN, the DAS, and the Technical Corps.

The Administrative and Financial Directorate will ensure the provision of the services necessary to make it possible for the entire system to operate.

Finally, there will be Regional Prosecutor's Office Directorates (secret justice) in Bogota, Barranquilla, Cucuta,

Cali, and Medellin, as well as Sectional Prosecutor's Office Directorates in the 27 capital cities.

The Procedures

Preliminary investigation units (Judicial Police) will initiate the the investigation of crimes until suspects and accused have been identified.

Once the possible perpetrators have been identified, prosecutor's units will officially open the investigation and undertake the hearing of the suit. Their mission is to compile sufficient evidence to produce decisions on accusation or writs of indictment.

There will be prosecutor's units to bring charges before judges, the courts, and the Supreme Court of Justice.

* Adviser Notes Importance of Recent Tax Reform

92SM0505A Santa Fe de Bogota EL ESPECTADOR in Spanish 28 Jun 92 p 1B

[Commentary by Rafael Rivas Mallarino, adviser to the Superior Council on Fiscal Policy]

[Text] Despite the fact that so much has been written about tax reform during recent months, some misunderstandings still persist. The reform has already been approved, and it is important to start explaining what happened. Until the end, there were claims that the reform was unnecessary. Mention was made of the excessive increase in spending by the administration and of the enormous size of the state. In fact, when one takes the trouble to classify the items compatibly, it is obvious that the spending controlled by the central government underwent virtually no increase, in comparison with the size of the economy.

The Size of the State

For the past 10 years, the sum of the central government's payments for personal services and general expenses has fluctuated around 2.5 percent of the GDP, without registering any increase. The transfers associated with the shift of the VAT to the municipalities and the debt service, both inflexible expenses, have risen by nearly 1 percent of the GDP. In the case of transfers, this was due to a conscious decision by the Congress, which apparently has the public's support, to reinforce municipal investment.

Therefore, the reform was not intended to feed a voracious bureaucracy. The central government in Colombia is small compared with those of developed and underdeveloped countries alike. It is nearly three times smaller than the Chilean, which is considered typical of the neoliberal model in Latin America. It is nearly 40 percent smaller than that of the United States.

Nevertheless, in the heat of the debate, when it was attempted to claim that the Colombian state was immense, statistics on companies such as Ecopetrol [Colombian Petroleum Enterprise], Carbocol [Colombian Coal, Inc.], or Telecom [National Enterprise for Telecommunications], which are public entities in Colombia, were included. So, the figures were of course inflated. Nevertheless, this is sophistry, because those companies do not make their living from taxation. They generate their own income. Including them in the comparison would be like adding the sales of Exxon and AT&T, in the case of the United States.

If we consider the fact that, in Colombia, the local governments are supported almost exclusively by transfers, whereas in countries like the United States they collect sizable taxes of their own, the difference would be even more glaring.

To maintain constant tax revenues as a proportion of the GDP, it was necessary to offset the effect of hastening the commercial reform process. The latter reduced the central government's revenues by nearly 10 percent by cutting tariffs from an average of 34 percent to one of 12 percent. Even based on highly optimistic assumptions of increased imports, it was necessary to compensate for the reduction in tariffs with a rise in the rates of other taxes.

To be added to the foregoing are the constitutional provisions ordering the transfer of a growing percentage of the central government's revenues to the departments and municipalities throughout the next 10 years. After transferring all the expenses that will cease to be incumbent on the central government, the net increase in transfers is equivalent to slightly more than 1 percent of the GDP. The need to finance them with higher taxes was so obvious that, in an act contradicting the basic principle of creating taxes through the legislative expedient, the Constitutent Assembly approved powers allowing the government to raise taxes by decree, if the Congress failed to do so within an 18-month period. The Constitutent Assembly members made this decision despite all the reservations generated by a provision of this type because they were certain that there was no other means of preserving fiscal balance.

In order to increase the state's investment, either directly or through territorial transfers, in areas where no one, or almost no one, denies that a greater effort is required, it was necessary to raise the government's revenues. Even magazines whose affinity with the precepts of private enterprise is unquestionable, such as THE ECONOMIST, have claimed that the Colombians should expend a greater tax effort to increase public investment in education, health, and drinking water.

The statistics show that, generally, Colombia spends less on these areas than richer countries and more than less-developed countries. This is no coincidence. During recent years, economic theory has indicated that investment in human capital is highly profitable and, under certain circumstances, can generate a steady process of accelerated growth. Nevertheless, this task cannot be delegated to the private sector because those with a greater need to receive such services are the very ones

who cannot pay for them. Thus, it must be the state that assumes the responsibility for financing them.

It has not failed to do so out of indifference. Much of the central government's budget is appropriated to these areas. Despite this, public spending on health and education is very low as a proportion of the GDP. The reason is quite simple: Public spending as a whole is very low. Hence, despite the efforts made for a long time to invest in health and education, the results have proven unsatisfactory. The increase in territorial transfers, with the revenues to be produced by the tax reform, will make it possible to change this situation without sacrificing fiscal balance.

The VAT and Income Tax

There is little left to say about the VAT. It is a dynamic tax, which does not hurt investment nor production. The Congress wanted to increase its progressiveness, so as to make it more acceptable to the public, excluding certain regularly consumed products. This compensates for the tax on services. Therefore, from a fiscal standpoint, the tax reform raised the rate by two points without expanding the collection base. With the changes introduced by the Congress, much of the resistance to the VAT increase has disappeared.

On the other hand, during the past two weeks of debate there was great concern over the income-tax hike. Generally speaking, it is groundless. The 25 percent surtax, which is equivalent to 7.5 points of the income tax, is deductible. Therefore, it is really equivalent to five points. But, on the other hand, there was created the possibility of deducting from the income tax the VAT paid in purchases of capital goods and computer equipment. It is very difficult to make general assertions on the magnitude of the deduction, but, by way of example, if a company invests 40 percent, the discount would be equivalent to 5.6 points of the income tax. Hence, the actual tax would decline to nearly 30 percent. There are obviously some sectors and business firms investing more than others, so some will end up paying a tax higher than 30 percent. However, in no instance will it exceed 35.6 percent, and, if advantage is taken of the incentive to invest, the new rate could prove lower than the previous one.

This also holds true for foreign companies. Moreover, the reduction called for in the tax on remittances was accelerated. By 1996, it will no longer be 12 percent, but 7 percent instead. The exception to this is foreign companies that invest in the hydrocarbon sector, which will continue to pay a 12 percent tax. As a result, the foreign companies are now in a better position than they were before the reform.

Fiscal Prospects

If the investment incentives contained in the new law prove effective, the income-tax hike would be neutralized, and additional revenues from the income tax may be expected only when the investments bring their results. Therefore, over the short term, the funds will come from the special tax on hydrocarbon operations, the withholding at the source of external income not applied to exports, and the two-point rise in the VAT rate.

These revenues will be sufficient to preserve the balance of the central government's finances. They will make it possible to control the macroeconomic situation if appropriate measures are adopted in the sectors facing structural problems. They satisfy the provisions of Transitory Article 43 of the Constitution, and therefore will make it possible to finance the territorial transfers, precluding the need to use the powers granted to the government. But, in order to undertake major projects and carry out all the programs in the Development Plan, the government will have to make a drastic reduction in tax evasion and contraband levels.

By 1996, another tax reform will probably be necessary to meet the revenue level because the surtax on income tax and the increase in the VAT rate will expire in 1997. The government and the Congress will be able to study how effective the incentives for investments were and review the matter of remittances. Perhaps at that time it will be decided to reinforce the laws for combating tax fraud, as was attempted on this occasion.

And, despite the illusions regarding Cusiana, it is quite likely that the 14 percent VAT rate will have to be ratified because it is difficult to imagine, even if it replaces the new external credits with current revenues, that the government will be able to finance itself with oil export revenues without generating a tremendous pressure on the exchange rate.

Peru

Government Extends State of Emergency 60 Days

PA2607023492 Lima Global de Television Network in Spanish 0110 GMT 26 Jul 92

[Text] The state of emergency has been extended another 60 days in Lima and Callao. It has been said that this measure, which was published in the official newspaper, is justified due to the recent terrorist attacks in the capital. The following citizen's rights, which are specified in the Constitution, were suspended:

Article 7 on the inviolability of a residence. No one may enter or conduct investigations or searches in a residence without authorization of the person who inhabits it or by judicial order, except in cases of flagrant crime or when there is an imminent threat that such a crime could be perpetrated. Exceptions for health reasons or reasons of serious danger are regulated by law.

Article 9 on the free choice of residence, transit, and leaving and entering the national territory, except for restrictions for health reasons; to not be expatriated nor taken away from the place of residence except through judicial order or through application of the Alien Law.

Article 10 on the right to meet peacefully without weapons. Meetings at private facilities or those that are open to the public do not require prior notice. Those summoned at squares and public roads require prior notice to the authorities, who may ban them only for proven security and public health reasons.

Fujimori Announces Measures Against Terrorism

PA2507043592 Lima Radio and Television Networks in Spanish 0300 GMT 25 Jul 92

[National address by President Alberto Fujimori in Lima—live]

[Text] Good evening, fellow countrymen. We must suppose that the wave of destruction and death the terrorists have unleashed these past few days, chiefly in Lima, has one objective: It can be nothing other than the Shining Path's intention to continue the war of intimidation. Unable to make a show of strength that evinces support from the people and rallies the masses around their plans, the only option open to them is to engage in characteristic acts of terrorism perpetrated by a few individuals. The use of powerful explosives against defenseless citizens reflects both a brutal phase and a desperate attempt to recover the ground they have been losing.

Unable to harm the state with the support of the people as they had planned, Shining Path has resorted to genocide to incite the public order forces into undertaking a major and indiscriminate escalation of repression. The deranged followers of the criminal terrorist and mass murderer Abimael Guzman have entered this phase in the wake of our firm process to regain rural areas, jails, and universities, a process that has shown the vulnerability of this enemy. Obviously, feeling it is being hit in its former strongholds, it is forced to resort to methods that unmask its weakness.

The members of this group, therefore, seek to regain the maneuvering room they lost and to preserve the myth of their invulnerability by intimidating the people. The common citizen, who suddenly finds himself dragged into this maelstrom of blood and destruction which he never imagined would be a part his life, finds it hard to understand. Here and in other parts of the world, terrorists constitute minor groups that blend in with the normal population and use darkness and surprise to attack. This war has been raging for 12 years, and all of us must be aware of its duration and costs. We must also realize that these fanatical and sick people want us to lose our cool. We must understand that to win, the Shining Path needs the people's support. It has been losing that support at a quickening pace for some time now.

That situation must not be confused with their capacity to perpetrate horrendous attacks. Shining Path is losing the support of the people. With these latest attacks, the people's rejection of so much cruelty is growing. That does not mean a victory. Despite the severe measures and the legislation against terrorism that were issued earlier, the judicial process is still slow. Threats are still received, and the result is fear of effectively trying terrorists in regular criminal courts.

What is the alternative? What is the solution? We have examined this matter very carefully and have made a decision: Effective right now, terrorist acts that claim human lives, such as those we have witnessed recently, will be considered acts of treason against the homeland because they affect the nation's structures. The magnitude of this crime merits this decision because we are talking about genocide. We are talking about an aggression against Peruvian citizens that not even the worst external enemy could cause. In these cases, the terrorist criminals will be tried by military courts and will be subject to the legislation that regulates this matter.

Military courts offer us the advantage of convicting terrorists rapidly in a summary proceeding and allowing for a timely sanction in direct relationship to the graveness of the act committed, thus serving as a general warning to the population. We will ensure the imprisonment of these criminals with this measure, and in the specific case of their leaders, a drastic sentence will lead to a progressive dismantling of their leadership.

Terrorist groups have taken advantage of the availability of a product used in agriculture and mining: namely, ammonium nitrate for the manufacturing of explosives, which they loaded into the so-called car bombs. The government has decided to exercise absolute control over the local sale and import of products such as ammonium nitrate that have previously been marketed and stored freely for agricultural and mining purposes. As of 24 July, no person may possess or market that product without prior authorization.

The punishment for violating that measure will be extremely severe. Individuals who possess or have the product in storage must report to the corresponding political-military authorities. The owner will receive the sale price established by the Agriculture Ministry for surrendering ammonium nitrate to the authorities. The deadline will expire at 1700 on 25 July. After that time, possessing, transporting, or marketing ammonium nitrate will be considered a crime—possession of a war weapon—and the person involved will suffer drastic sanctions.

Throughout the day, the Armed Forces began an operation that will last for several days or for the time necessary to find terrorist elements, explosives, or products such as ammonium nitrate and terrorist propaganda in various points around the capital. The operation entails very thorough searches in areas where Shining Path infiltration is detected. I urge the population and honest and peaceful citizens to be understanding about this interruption in the tranquillity of their homes, but this is an absolutely necessary action.

A census will be conducted in these towns, thereby allowing us to find terrorist elements whose names and physical characteristics we know. I must very clearly point out to the forces of order that these searches must

be selective and not indiscriminate in nature. As I have already said, the key to our strategy is obtaining the population's support; the Armed Forces and police forces must win that support.

The people are to be respected, so they will feel they have the support of the state and the authorities in the task of establishing public order and peace. I will not allow any abuse, unnecessary restrictions, or anything that will harm innocent people. A commander or an officer and his personnel can consider themselves as fully complying with their role in maintaining peace when they feel they have the sincere support of the people. Only then, as has been the case on some fronts, where the people support the authorities and the law, can we say we are moving in the right direction.

Until one year ago, these criminals could move among circles of students and workers, even among congressmen in Europe and in the United States, as representatives of a revolutionary cause. They were seeking funds and international solidarity among the naive and credulous. They managed to get human rights organizations to serve as fronts for them to carry out a criminal offensive. These same human rights they demanded be respected for them had no meaning when it came to the people and civilian and military authorities.

Now, after the slaughter at Miraflores and other shameful murderous attacks, Shining Path is considered a terrorist and deadly group by the United Nations. After 12 years, the international community finally recognizes and reveals the true nature of this insane group.

I can imagine the suffering of those who on that terrible night at Miraflores lost their loved ones in a most mindless manner. I share their sorrow and I can imagine their despair, helplessness, and their sickly feelings over such a horrible attack. In memory of those innocent victims, I am asking these Peruvians—to whom I convey my condolences—to continue believing in their fatherland and not to allow these criminals to achieve their goals.

The best homage we can pay to the victims of this barbaric and monstrous terrorism is to stand up and continue fighting for Peru, not as a feasible option, but as a set of values, of history, of national pride. Peace, unfortunately, will be built on the ashes of our dead. In their memory, I repeat, we must work for a common purpose to defeat these assassins.

No weapon in particular will be more decisive in this struggle against the number one enemy of our fatherland than our conscientious participation. Each one of us has something very valuable to defend: our country, our home, our children and their future.

Nobody has a right to take from us what is ours. That is why we will eliminate those who are bleeding our country, who kill our children, and who destroy that which they have not built in order to enslave Peru. We will eliminate them and their venom. That is my commitment. Good night.

Defense Minister on New Terrorism Measures

PA2607165792 Lima Radio Programas del Peru Network in Spanish 1400 GMT 25 Jul 92

["Saturday Focus" program hosted by Dennis Vargas and Arturo Salazar with General Victor Malca, defense minister, who speaks over the telephone; Reverend Felipe McGregor, president of the Peruvian Peace Research Association; Engineer Carlos Tapia, former deputy; and Juan Portocarrero, university professor and penal expert]

[Excerpts] [passage omitted] [Vargas] Mr. Defense Minister, good morning. The country is listening to you; we are all listening to you.

[Malca] Good morning my friend Dennis Vargas. Allow me to thank you and Radio Programas del Peru for allowing me to reach every household, especially at this time when the subversives are attacking mercilessly and for no valid reason.

[Vargas] Gen. Malca, in your capacity as a soldier, but also as an important member of the Executive Branch, of the cabinet, as defense minister, perhaps you could elaborate on the message delivered by the president to the entire country on the evening of 24 July on the sanctions against subversive elements who are causing death and destruction in our country.

Do you think anything else should be added? How will the measures work within the military? Some have said capital punishment is next. Will capital punishment be applied? Three specialists are with me today: a penal expert, a priest, and an engineer who knows about the matter.

[Malca] Capital punishment for the crime of treason against the state is a possibility that the president has suggested. I think a majority of the citizens are asking for it. However, even its application would not spell the end of subversion. I think subversion would not end. It is measure... [pauses] a stronger kind of punishment. I think that holding trials within the military establishment does not mean taking away anything from the civilian establishment. The reason is that a more severe treatment of the trial process is needed; we need summary proceedings and swift application of the punishments established by law. Civilian courts will help as well.

[Vargas] Gen. Victor Malca, that is specifically the point here because perhaps one of the advantages of transferring cases from civilian courts to military courts is the proceeding, more specifically, the celerity of military proceedings, because that is specifically one thing, if any, that our Judicial Branch has lacked. There are cases that have lasted 10 and 20 years. In fact, some people even died awaiting trial; [chuckles] and things like that.

Is it only the proceedings? Or will there be radical changes in the very effects of the sanctions? That is the point, because if we review Article 235 of the Constitution, it states clearly—now, we need to know if this part of the Constitution will be modified—that capital punishment or

the death penalty will be applied to those who commit treason against the state in cases of foreign wars. For example, given that terrorists, who cause death and damage, have been in fact described as traitors of the homeland, does this mean that capital punishment could also be applied to them? Or must any modification be made through decree-law to this part of the Constitution?

[Malca] You answered the question because the Constitution does not call for capital punishment in cases of civil war. Thus, we would have to issue a special provision or amend the Constitution to include the civil war we are now experiencing.

[Vargas] But, which of the possibilities could apply?

[Malca] I think that the one you mentioned at the end of your question.

[Vargas] Correct, then it would probably be a decree law, a complementary measure within the legislation to clarify things.

[Malca] That is correct, my friend Dennis Vargas.

[Vargas] As for the restriction, the virtual ban on the sale of ammonium nitrate and other fertilizers, such as urea, what other restrictions will be established? For example, a deadline of 1700 on 25 July was set for the surrender of these products to the authorities. How will this work, Gen. Malca? We want to know details of this.

[Malca] Mr. Dennis Vargas, the president's announcement is not a measure that was not carefully thought out or planned. This was well planned. On 24 July, beginning at 0930, we began to seize, not seize, but rather to buy, all over Peru, this ammonium nitrate from all those who possess it or sell it in their stores.

Of course, perhaps the deadline is too short, but you must understand there are innumerable people or stores selling this product. Some of them should not be selling it and we must determine who they are. I also think there will perhaps be some flexibility, because some people cannot be reached easily and others might have a hard time admitting they possess this product.

I want you to know these people will be paid beginning on 1 August; we will be issuing receipts for the time being. They will be paid the market price, that is, those who are marketing this product will face no loss.

[Vargas] Yes, it has been said the prices will be those established by the Agriculture Ministry, correct?

[Malca] Yes, that is correct. This was the result of coordination with Agriculture Minister Absalon Vasquez.

[Vargas] Arturo Salazar asks a question now.

[Salazar] Good morning, Mr. Minister. I wish to ask a simple question. This problem of ammonium nitrate seems to be interesting, but what about dynamite? Is there any control? On the evening of 24 July I read a news agency report out of London stating one of the criticisms is that a false security, a false sense of security was created, and moreover, that dynamite is transported freely in the country. What is happening with dynamite? Why has dynamite not yet been controlled given that dynamite sticks act as detonators? What has been done so far? Why have dynamite supply centers not been controlled? Why does dynamite circulate throughout the country as any common product?

[Malca] Mr. Arturo Salazar, dynamite is mostly purchased by miners and taken to their powder houses. Some have powder houses and those who do not store dynamite anywhere. This is the reason dynamite falls into the wrong hands. As for the measures... [pauses] there is control because the Discame [expansion unknown] of the National Police has control over all these explosives. However, we cannot be at every mine in the country. There is a great number of small-scale miners.

[Salazar] General, that is specifically my question.

[Malca] Ah?

[Salazar] That is my question. I think the Armed Forces have enough troops as to guard any mine in the country because that is the goal specifically: Guarantee dynamite does not circulate freely. If there is any control over dynamite, it is poor or noexistent, because the truth is an abundant amount of dynamite circulates throughout Lima.

[Malca] That is your opinion.

[Salazar] That is what I see, for example, in Tarata, and elsewhere.

[Malca] You may think the Armed Forces have many troops to exercise control over the mines.

[Salazar] That is what I think.

[Malca] However, I want you to talk to the miners with whom we have held many meetings and with whom we have adopted a number of measures such as [words indistinct].

[Salazar] Those miners should be imprisoned general?

[Malca] What?

[Salazar] Those miners who pay that kind of quota should be imprisoned, general?

[Malca] Yes, there will be control measures to ensure they register where they buy it, how they use it, and should some of it come up missing, face the law.

[Salazar] I agree, general.

[Vargas] Gen. Malca, please stay on line for a few more minutes. We will now listen to the opinion—I am sure our listeners want to hear from our penal expert, our law expert, and from Engineer Carlos Tapia. Dr. Juan Portocarrero, how are you?

[Portocarrero] Good morning, how are you?

[Vargas] From the standpoint of penal law, now that these cases will be transferred to the military establishment, how would the trial of the terrorists work?

[Portocarrero] First, I wish to refer to the provision that was just issued to try within the military establishment those responsible for terrorist acts. I think this provision is another isolated action in this government's efforts to solve the terrorism problem. This is another example of a lack of planning in trying to solve the terrorism problem.

[Vargas] Excuse me, you will surely want to express your political view, but we would be more interested in hearing about the technical aspects of this to determine whether we are on the right path. How could this work? We have limited time here.

[Salazar] Continue Dr. Portocarrero.

[Portocarrero] I will be very pleased to do so. We think that if the military establishment was chosen to try terrorism crimes it must be for a few reasons, one of them being the celerity of the proceedings. I think that this should not be implied putting on paper 20, 10, or three months of investigation. The problem lies in the work done to complete the investigation within that time. That is, it is wrong to put on paper that the proceedings will last 10 days when it is impossible to do so timewise.

Thus, I do not think this is a solution to the problem. I think these personnel would need to receive all they need to fulfill their work, have them work extra hours to ensure they will fulfill their duties efficiently, and not simply establish a deadline of days.

[Vargas] Are you referrring to military attorneys?

[Portocarrero] Yes, that is one aspect. Moreover, I must point out that, in principle, from the standpoint of the security of military judges—because this also implies that the other law on the faceless judges apparently will no longer be in force given that the military judges will show their faces—there could be perhaps more security for these judges to perform.

However, in my humble opinion, that is not the core of the issue. This is such a delicate problem that it must be viewed with absolute impartiality, and from this standpoint, I do not think—being the soldiers the most affected by this terrorist policy—that they themselves will be called to try. There will be no impartiality here. The affected person will try and this is really dangerous. I am not placing obstacles but reflecting on this. [passage omitted]

[Vargas] Now it is Engineer Carlos Tapia's turn. After all you have heard, what is your contribution to this debate? What is your opinion of the measures issued by the president on the evening of 24 July? What is your opinion of the issue we are discussing? We want our listeners to understand the issue at hand and where we are headed.

[Tapia] In my opinion the graveness of the situation warranted a political turn from the government. He should have underscored the need to rebuild national unity to defeat the Shining Path with the least social cost possible and save the homeland. I think that stateman's idea was absent on the evening of 24 July. Engineer Fujimori actually proposed three great measures. The first one on the sanctions against the terrorists.

As for this point I think there is hesitation because not long ago there was talk about life imprisonment, faceless judges, and the atmosphere in the penitentiaries to try them, and now there is talk that military courts will deal with this problem. I think that it was suggested implicitly that the death penalty will be established.

I think that there is hesitation because when Minister Victor Malca said that we are facing a civil or internal war, we would have to proceed accordingly. Namely, we would have to treat Shining Path members according to the military code of war, in which international humanitarian law exists. They will not be tried but will remain under arrest until the war is over, and war criminals will be executed. If they were consistent and would stop hesitating, as they are doing now, this is what they should do.

To legitimize this important proposal, a national agreement must be sought to build a cabinet of national unity for the pacification of the country. We must avoid the ongoing fights between the government and political parties. We must also avoid fighting over the regulations of the Democratic Constituent Congress. I think that this must be done concerning the first point.

With regard to the second measure regarding the ammonium nitrate, I think that it is very childish. Listen, Shining Path members have access to dynamite because they are an armed group that, through the use of violence, take dynamite from the mines. In Ica and Canete, there are thousands of hectares used for growing potatoes. In these locations, there are thousands of tons of urea and ammonium nitrate. Certainly, farmers who raise potatoes will need the aforementioned supplies. Armed Shining Path members will approach farmers and take the ammonium nitrate away from them. The terrorists will take the urea from them. Therefore, the problem of legalizing the sale of these supplies or having the state monopolize the same has a relatively small effect.

We are facing an armed group that breaks the law and, therefore, makes use of its force to take dynamite and ammonium nitrate. I do not think this measure will be more effective than the controls on dynamite.

Concerning the third point on combing operations and search for undercover Shining Path members, who are apparently in the universities and other sites, I think that this must be done. This should have been done earlier. It is

not required to have 300 soldiers enter San Marcos University to arrest a professor. I suppose they know where she lives, so they should have gone to her residence and arrest her if there is enough evidence against her.

To sum up, Dennis, I believe that the appearance of Enginer Fujimori has been used to sell the image that the government has responses in view of the seriousness of the situation. However, I see that the government's responses are not the best. I certainly do not think that if a poll was taken at this time on the general public's opinion about the so-called current government strategy or the public's opinion on the interior or defense ministers, the public would support it.

If the parliament existed, the defense and interior ministers would have surely been summoned.

[Vargas] Well, we will have to hear public opinion. Probably, polling companies already have begun working on this and we will wait for the results. Anyway, we must wait for the results.

Mr. Minister, after what you have just heard, what is your opinion?

[Malca] I just want to say a few things. Each person has his opinion about the members of the panel. First, Mr. Portocarrero said that I stated that the death penalty will be established. I did not say this. I said that this is a possibility that must be pondered, as Mr. Tapia said. Consensus must be found.

Regarding the polls, it would be very interesting to ask the people their opinion of Mr. Tapia to see if they believe him, because he criticizes everything. He is an expert in Shining Path affairs, but he views Shining Path with affection. He criticizes everything. There is nothing good, according to him.

I would like people to know that the Armed Forces and National Police are doing all they can to put an end to this.

[Vargas] General Victor Malca, we thank you for being on this program, but Reverend Father Felipe MacGregor would like to ask you a question. Go ahead, Father MacGregor.

[MacGregor] Good morning, General. I would like to ask you about a proposal being discussed by the military, which Engineer Tapia just referred to. Is it true that an internal war will be declared, taking into account all the consequences and the repercussions on the treatment of jailed Shining Path members and the likely summary trials. Is this possible? At this time, in your capacity as executive and legislative, you concentrate total force in the country, it is important to know what the possibility is of an internal war be declared?

[Malca] Hello.

[Vargas] General, did you hear the question by Father MacGregor?

[Malca] Yes, I listened to it but I did not understand it.

[Vargas] Father, could you repeat your question.

[MacGregor] The question is very simple, General. Do you think that there will be a declaration of internal war? Is it necessary?

[Malca] No. For a war declaration to be made, there must be regular armies involved.

[Vargas] General Malca, Engineer Carlos Tapia would like to make some clarification, because you have referred to him. Please be brief, Mr. Tapia.

[Tapia] In reality, I am amazed at the words of General Victor Malca when he said that I permanently criticize everything and disagree with everything. This is not true. First, I believe that important progress has been made in the struggle against subversion by the public forces. I think that, for example, the apparatus of the Dircote [Counterterrorism National Directorate] and what General Vidal is doing representing this institution is very effective. I wish other public order institutions would do such a professional job.

Second, I think that it cannot be said that by criticizing what appears as ineffective before the eyes of the country in the handling of the subversive struggle, one is favoring Shining Path. This is aimed at avoiding criticism against the government's mistakes. In reality, it will be insisted that Shining Path is making progress because it is a desperate political force and that the car bombs respond to the defeat of Shining Path. Nobody believes these stories and this is why the government's anti-terrorist policy is losing credibility.

[Vargas] Thank you very much, Engineer Tapia. General Victor Malca, thank you very much for cooperating with us. We thank you for participating in the Saturday Focus program.

[Malca] I thank you and your show for giving me the opportunity to state my views on this problem affecting not only the Armed Forces but also our country and the general population.

Government Issues Decree on Intelligence System

PA2507175692 Lima Global de Television Network in Spanish 0100 GMT 24 Jul 92

[Text] The government has created the National Intelligence System Law to perfect the nation's security, something the state must guarantee. This was done through a decree published today in the official gazette EL PERUANO.

This law, a lengthy one, has four chapters and four complementary passages. It also includes concluding dispositions dealing with general principles, the structures, functions, personnel, and intelligence organizations.

Article 3 states that intelligence information is gathered for the president of the republic as president of the

National Defense Council with basis on the guidelines and policies established by the president.

Article 5 establishes that the public and private sectors will provide to the intelligence system whatever information and documents necessary for the security and defense of the nation.

Article 12 states that the director of the Intelligence Service is the top authority of the system, has the rank of minister, and is appointed by the president.

The part on the appointment of personnel and the apportionment of a budget has been classified secret.

Ministry Condemns Attack on Bolivian Embassy

PA2407152192 Lima Global de Television Network in Spanish 0100 GMT 23 Jul 92

[Text] On 22 July, the Peruvian Foreign Ministry firmly condemned and rejected the terrorist attack on the Bolivian Embassy.

A Foreign Ministry document states that this attack has ratified the genocidal nature of the subversives' activities, as well as their absolute disregard for life and peaceful coexistence.

The Foreign Ministry has conveyed to Bolivia their concern and solidarity.

Withdrawal From Andean Pact To Be Temporary

PY2507170292 Lima CARETAS in Spanish 13 Jul 92 p 21

[Summary] At the next Andean Pact meeting, the Peruvian Government will propose that it temporarily withdraw from the Pact, for 2 years, in order to avoid a total break in the regional group. This decision will result in Peru losing all tariff advantages on the Andean market, as well as losing its seat on the board of directors of the Latin American Reserve Fund.

Recent Activities of Shining Path Noted

Airport Bombed

PA2407162092 Paris AFP in Spanish 1532 GMT 24 Jul 92

[Text] Lima, 24 Jul (AFP)—Early on 24 July four persons were injured at the Jorge Chavez International Airport when a bomb exploded in a hangar, according to an air terminal spokesperson.

The explosion was detonated by the Shining Path, which ended a 48-hour "armed strike" on 23 July. The "armed strike" resulted in 12 deaths, 40 injured in 80 attacks, and damage to containers of the Alitalia Airline at the end of the airport runway, according to preliminary reports.

It was learned that the injured were security personnel from a private company providing security to the airlines.

Three of the injured, according to the reports, are out of danger, but the condition of the fourth is delicate.

Bank Robbed, Policemen Killed

PY2507013892 Lima EL COMERCIO in Spanish 15 Jul 92 p A12

[Summary] A five-man-one-woman Shining Path terrorist squad attacked and robbed a branch of La Parada Financial Bank. The terrorists killed four policemen and one private guard at point-blank range, and wounded another police officer, before robbing $2,000 and 60,000 soles from the bank vault. The victims were identified as Cesar Rosales Arteaga, Dante Tavera Uconan, Aquilino Gutierrez Orellana, Jorge Chanta Vargas, Federico Castillo Catacora, and Jesus Salas Pena.

Nine Terrorists Arrested

PY2507144292 Lima LA REPUBLICA in Spanish 14 Jul 92 p 21

[Excerpt] Police and Army patrols captured nine members of the terrorist gang that on 12 July ambushed and murdered six police members in Otuzco, La Libertad Department. Sources close to the Interior Ministry in Lima reported that the subversives were found in a rural house near Huamachuco.

They are Shining Path criminals who maintained a violent confrontation with the forces of order. It was learned that one of the arrested terrorists is Demetrio Carrascal Quispe, aka comrade "Humberto," who is an important Shining Path military commander.

The forces of order recovered some of the weapons stolen by the terrorists from six policemen murdered in Otuzco, a fact that will prove their participation in the massacre.

The terrorists are accused of the death of Police Captain Carlos Woolcoft Chocano, Lieutenant Ricardo Novoa Gonzalez, and subordinates Jose Ancos Palomino, Ciro Bravo Nunez, Juan Carlos Prada Santisteban, and Carlos Zulueta Saavedra.

The police patrol was attacked near the hamlet of Yamobamba as it was travelling in a police van to the town of La Florida. The victims belonged to the police detachment of Otuzco, from where they had departed two hours earlier to report on the murder of a peasant before his body was removed. The peasant was killed by the Shining Path.

During this unexpected attack, the terrorists machinegunned the patrol car from various sides. After killing the police officers, they bombed the vehicle, mutilating the bodies.

The police carried out an overwhelming counteroffensive action that led to locating part of the gang involved in the multiple murders in less that 24 hours.

Reliable sources reported in Lima that the detainees were taken in gunships to the city of Trujillo, where they are being questioned severely.

The action was conducted at dawn under strict secrecy. [passage omitted]

Leader, Members Arrested

PY2507013992 Lima EL COMERCIO in Spanish 11 Jul 92 p A10

[Excerpt] The political leader and three other members of one of the Shining Path detachments in northern Lima were arrested by Counterterrorism Division (Dincote) troops. They are accused of perpetrating several attacks and detonating "a truck bomb" at a processed foods factory in Puente Piedra.

In one of the houses the police raided in order to arrest the Shining Path members they found a warehouse that contained a considerable amount of ANFO [ammonium nitrate-fuel oil blasting agents], which was used in the last truck bombs, as well as weapons, ammunition, manuscripts, and subversive pamphlets.

The political leader was identified as Jorge Emerson Pariona Torres, 25, alias Ever, an apprentice carpenter whose name was included in two Dincote reports in 1990. These reports are being studied by the 10th and 28th Trial Courts of Lima. Pariona was sought for involvement in terrorist actions.

Another arrested terrorist is Arturo Walter Ramos Aguilar, 18, alias Miguel, a young man from Ayacucho who was enlisted last year by Ever himself.

Ramos was arrested by policemen from the Puente Piedra PNP [Peruvian National Police] Station on 27 June, after he had attacked a truck, which was carrying soft drinks, near a football stadium in the Santa Rosa shantytown in Puente Piedra.

Ramos was carrying a knapsack containing some "Russian cheese" [plastic explosive] and Shining Path pamphlets.

He was taken to Dincote headquarters, and after several interrogations, he confessed that he belonged to the Ninth Detachment of the northern district, which controls the area that stretches from the Pro housing development to Puente Piedra. His actions were mostly carried out in the "Laura Caller" shantytown in Los Olivos.

Thanks to the information he provided, a house was raided at the Naranjito Housing Development Project, where the police found the aforementioned warehouse.

Later, police raided the house located in plot 18, K block, Villanueva del Campo shantytown in Los Olivos, where Ever and Victor Jose Huaman Siqueiros, 28, alias Jose, were arrested.

In that house, police found several manuscripts, a map with the location of high-voltage towers, the "route" [reglaje] of several policemen, and other subversive documents.

Dincote troops later arrested another terrorist, Doris Elizabeth Segama Porras, 24, alias Doris, at her home in plot 10, P block, in the aforementioned shantytown.

According to Dincote's investigations, both Huaman Siqueiros and Doris Segama provided support to the aforementioned Shining Path detachment, using their houses to give shelter and food to terrorists, as well as makeshift popular schools. [passage omitted]

Venezuela

Proposal To Revoke Presidential Mandate Rejected

PA2607042492 Caracas Venezolana de Television Network in Spanish 0000 GMT 23 Jul 92

[Text] President Carlos Andres Perez has asserted that the democratic system would have suffered a serious setback if the National Congress had approved a referendum to revoke his mandate, as was proposed by several opposition sectors. The president made those statements at the Libertador Air Force Base in Aragua State, where he talked to pilots and technicians who had attended the NATO Red Flag [previous two words in English] training course in the United States.

[Begin Perez recording] I am not surprised that the referendum was not approved. It would have been a very serious mistake, a senseless act that would have deformed the Venezuelan democratic system. Such a referendum does not exist anywhere in the world. [end recording]

Our reporters talked to several businessmen and representatives of the judicial and legislative branches to get their comments on Congress' decision not to curtail the presidential mandate:

[Begin recording] [Jorge Serrano, acting president of the Venezuelan Federation of Associations and Chambers of Commerce and Industry] We are clear on this issue: We did not support the proposal to curtail the presidential mandate. I believe Congress' decision has proved that we were right. We said we did not agree with the proposal because it would have interfered with the Constitution. The Venezuelan Constitution is very clear about this. Congress was correct in confirming what the president said in Puerto Ordaz on 18 July: He will remain at the helm of the government until his term ends in 1994.

[Rafael Alfonzo, president of the Venezuelan Council of Industry] I believe all citizens should have debated this issue, not just Congress. There are many opinions. Many people supported the proposal; others did not. It is important that we reach an agreement and not try to impose one.

[Judicial Technical Police Director Mauro Yanez] I believe the president was elected by the people, and only the people can change their decision. The proposal on the referendum has been voted on, and the people have had the last word.

[Judiciary Council President Pedro Reyes] The curtailment of the presidential term would have set an unsatisfactory and dangerous precedent. It would have negatively affected our institutional stability. I believe the democratic system should have internal mechanisms within the designated constitutional period to resolve, mitigate, or hasten the solution of crises—such as the ones we are currently experiencing— when they arise.

[Henry Ramos, Democratic Action Party faction leader] Any democratic system, any serious country that respects itself, must value preestablished rules for reasons of stability and institutional security. If in the course of our democratic history we have always elected the president of the Republic every five years, we should continue to do so. [end recording]

Armed Forces on Alert Near Colombian Border

PA2407150492 Caracas Venezolana de Television Network in Spanish 0000 GMT 24 Jul 92

[Report by Giovanni Daboin]

[Text] Defense Minister General Ivan Dario Jimenez Sanchez confirmed that the Venezuelan Armed Forces are on alert near the Colombian border to prevent the group of drug traffickers who escaped from Envigado prison from entering Venezuela.

Gen. Jimenez made the announcement on 23 July from the Miraflores Presidential Palace when asked about the security measures in the event the fugitives try to hide in Venezuela.

[Begin Jimenez recording] I believe we should support all efforts to fight drug trafficking. The proof of the power of drug-trafficking money is Pablo Escobar Gaviria's escape. I believe all countries should join efforts to fight drug trafficking. If Colombia asks for assistance, we will give it with pleasure. [end recording]

The defense minister expressed his disapproval of capital punishment for drug traffickers because it is unconstitutional.

Deputies Approve Constituent Assembly Legislation

PA2407210092 Caracas Venezolana de Television Network in Spanish 1600 GMT 23 Jul 92

[Text] On 22 July, the Chamber of Deputies approved six articles, including the article that deals with the Constituent Assembly, as proposed in the report by the special commission. This report is currently being debated.

Article 85 also establishes that if the constitutional reforms or amendments submitted to referendum are rejected, these cannot be again presented during the same period. Lastly, Article 87 modifies Article 248 of the Constitution, which establishes that the president cannot object to amendments or reforms drafted by the Constituent Assembly.

Law Approved Giving Amazonas State Status

PA2607123992 Caracas Venezolana de Television Network in Spanish 0000 GMT 24 Jul 92

[Report by Zaida Pereira]

[Text] On 23 July, the National Congress approved a special law that upgrades the Amazonas Federal Territory to the category of state. All the congressmen, especially Deputy Fernando Giron, the only representative of the Amazonas Federal Territory in parliament, were very happy with approval of the bill.

[Begin Giron recording] The idea was started in the city where the great Marshall of Ayacucho [South American liberator Antonio Jose de Sucre] was born. The territorial ordering commission helped me in this endeavor. The process, which has reached a happy ending at this congressional session, was initiated at a forum in Cumana. [end recording]

Deputy Giron will request that a census of Amazonas be made in the following months as he estimates it has more than 100,000 inhabitants. President Carlos Andres Perez will approve the law at a ceremony in Puerto Ayacucho next week.

* Coup Leader Arias Criticizes Ochoa Antich

92SM0492A Caracas EL UNIVERSAL in Spanish 10 Jun 92 Section 1 p 18

[Article by Miguel Salazar: "Commander Arias Cardenas Complains: 'We Are in a Humiliating Situation'"—first paragraph is EL UNIVERSAL introduction]

[Text] Commander Arias Cardenas has stated: "The prison at Yare is not a proper center for holding detainees, and they have forgotten our status as officers on active duty. Let everything be done for the honor of our country." He said that Ochoa Antich has forgotten his "companions in disgrace."

Commander Francisco Arias Cardenas, one of the five military leaders of the coup d'etat of 4 February, has said: "Ochoa Antich has not come to this prison. The admiral who gives reports on it has not come here. We members of the Bolivarian Movement have suffered through this unforgettable experience.... We have learned at close hand of the sorrow and the despair of the prisoner in the hospital who wrote to us: 'You are fighting for the fatherland. I am fighting with a stick to protect my life.'"

Commander Francisco Arias Cardenas made this statement to us when referring to the position taken by

General Fernando Ochoa Antich concerning the members of the Bolivarian Movement who are being held at the penitentiary in Valles del Tuy.

Describing the prison where they are held, Arias told us: "Here, despite the excrement that backs up in the toilet, the flies, and the characteristic, nocturnal sound of urine dripping down from cans on the upper stories of the building, we have reaffirmed our faith in what we have done."

In the view of the young officer, who was born in San Juan de Colon in the State of Tachira: "The good results for the country are well worth these sufferings and those of our children, our wives, our defense attorneys, and the people who sympathize with us."

Yare Prison was designed as a model penitentiary. Nevertheless, over the years it has suffered the same kind of neglect that affects the entire Venezuelan prison system. Now it attracts the attention of the press because the principal leaders of the military uprising are being held there.

Although it was difficult to visit San Carlos Barracks when we initially tried to record the impressions and opinions of the revolutionaries now under detention, getting into Yare Prison was a real achievment. It required extreme vigilance, disregarding the appraising looks of a large number of sentries hidden among the bushes surrounding the prison, and passing through barbed wire barriers known among the military as "ornamental horses," as well as going past a large number of police agents dressed like peasants. These are features of the so-called Metropolitan Detention Center of Valles del Tuy.

Arias Cardenas said: "We have come to the conclusion, quite simply, that since the government sent us to a common jail to take our dignity away from us and break our resistance, it was only because these jails exist with their knowledge and consent." He said that these jails "have a macabre kind of usefulness—with those sticks covered with the blood of Venezuelans—for the terrible and dark purposes of inhuman leaders."

"Only monstrous minds, like those that are ruining the country, could produce these diabolical jails and send our citizens there," the military officer said.

Francisco Arias often interrupted his statements to mop up his abundant sweat in the hot air, stirred by a fan.... Transparent shapes formed in the humid atmosphere, similar to what comes up from the lid of a pot of boiling water.

[Salazar] What do you think of the statements of Gen. Ochoa Antich, when he expressed loyalty to your companions in disgrace? I suppose that he was referring to you....

[Arias Cardenas] The minister of national defense can answer that with the most recent attitudes and actions that he has displayed toward all Venezuelans.... It is not enough to say, "Changes are needed or there will be violence," when a reporter dies because of official violence, when our Army is filled with just rage against the murder—committed by the political police of the government—of two young officers who had already surrendered.

The Honor of the Teacher

Few people knew Lieutenant Colonel Francisco Arias Cardenas before the morning of 4 February 1992. It was then that the country learned that the capital of the State of Zulia was under the control of this young officer, who identified himself as a member of MBR-200 [Bolivarian 200 Revolutionary Movement].

When we first met him at San Carlos Barracks, his conversation was filled with the emotions of the moment. Now, despite the suffocating heat of Yare Prison, his answers did not come out in a rush. He knew that his remarks were getting around the censorship imposed by the man who continues to be his superior officer...Arias Cardenas is aware that Gen. Ochoa Antich is his superior and therefore did not express a view on the case that is presently being heard.

In a voice filled with irony Arias said: "The president ordered us to be held in a prison for common criminals. Gen. Ochoa is carrying out this order because for him it was a matter of honor." He emphasized his conclusion with a few words that were no less cutting:

"A judge asked him about some officers charged with corruption. He delayed and created obstacles about turning them over.... I suppose that this is a matter of honor for the minister, of respect for the rights of the general."

Commander Arias studied philosophy at UCV [Central University of Venezuela] before beginning his military career. He also studied theology at St. Thomas Aquinas University. His record contains a master's degree in political science, which he obtained at ULA [Los Andes University], with his expenses paid by the Ministry of National Defense. He did postgraduate studies in Latin American history at Xavier University in Santa Fe de Bogota. He stood out in his military career for having been the first officer with the rank of captain to hold a command position in the armed forces. When Gen. Ochoa Antich became minister, he offered Commander Arias responsibility for the restructuring of the DIM [Military Intelligence Directorate], a position that he declined.

With the wisdom derived from being a tireless reader, Francisco Arias made some well chosen comments when, during his time in prison at San Carlos Barracks, he referred to "my master."

"In the first place we believe that Gen. Ochoa has some ability to use his intellect," Arias said. "That is, he knows and is 'aware' of what is happening in the country and in the Army." Arias said that this generated a commitment, when he said that such a commitment in turn generated choices.

[Salazar] Which choice did the minister of national defense make?

[Arias] In the case of Venezuela at present, this involved the "interests of the fatherland." He recently said that he had made this choice at a meeting held in the theater of the Military Academy. Against this is the choice represented by an "imposed" kind of legality, consisting of a state of things that has become unbearable, a government that we rejected with our rebellion and that a majority of the people repudiated openly.

[Salazar] Nevertheless, the minister says that he is a man of honor and has affirmed his personal commitment to President Perez.

[Arias Calderon] In that case, Gen. Ochoa chose the second alternative.

[Salazar] Please explain yourself a little further.

[Arias Calderon] The choice of the course of honor could be justified at first, when he had no idea of the extent of popular dissatisfaction and the open evidence of our rebellion. However, since then he has had clear evidence of the will of the people. He has heard officers of the armed forces. So he certainly knows what the term sovereignty of the people means.... Talking about honor means choosing to serve under the banners of the military honor contained in the laws and the regulations issued under them. The will of the people has been shown in their rejection of the present government.

[Salazar] In your view, how should the minister have shown his sense of honor?

[Arias] By calling for the formation of an emergency government, with the participation of progressive and popular groups. In this way, a broad-based constituent assembly would be called together and established, without the pseudo-democratic political parties, to create the participative, democratic state that all of us Venezuelans need.... That is honor, in a commitment to history and our fellow citizens.

The Fidelity of the Minister

According to Arias Cardenas, Gen. Ochoa Antich has a strange concept of fidelity. Arias criticized him for "not having spoken clearly to the president."

"The minister should have told the president that if he is capable of making a last patriotic effort, he should make an extraordinary decision.... If the president does not believe in you, Gen. Ochoa—nor in the polls, nor in the Church, nor in Rafael Caldera, nor in Cervini—tell him to protect Venezuela from suffering any further...let him consult the people's will. Let him call a referendum," Arias said.

In the appalling heat of Yare Prison, with its dancing devils and its military prisoners, we began to hear the sound that Arias described as the drip from the urinals. He concluded:

"Gen. Ochoa Antich says that he is a man of honor and faithful to friendship. Well, let him display the courage of both categories.... Then we will not call Cabrujas a friend—which we always thought he was—but antimilitary, when he is given the terrible role of being a chauffeur."

[Box, p 18]

Cases of 15 4-F Officers Transferred to the Council of War

Fifteen of the officers implicated in the events of 4 February 1992 [4-F], all of whom have already been tried by the Second Military Court, have appealed to the Permanent Council of War after having been legally notified that action by the court that tried them has now been concluded.

According to information obtained from military sources, the 15 officers, after having been notified that action by the Second Military Court has been concluded, appealed for a review by the Permanent Council of War. As is known, out of 186 Army officers and noncommissioned officers who have been tried by the Second Military Court, including some held under detention warrants and others under open investigation orders and a stay of proceedings, 15 junior officers appealed for a review of the verdict of the Second Military Court.

It turned out that Moreno Natera, the president of the Second Military Court, has practically concluded his consideration of the cases, at least as far as the majority of those who presumably participated in the uprising of last February. Only a group of majors and, of course, Lieutenant Colonels Joel Acosta Chirinos, Francisco Urdaneta Hernandez, Jesus Ortiz Contreras, Hugo Chavez Frias, and Francisco Arias Cardenas have not yet been tried, particularly the last two, who have opposed the application of an order of detention issued by Judge Moreno Natera.

Colonel Moreno Natera did not wish to speak to reporters. He said that he had nothing to say to the press and still less to comment on the most recent developments that have been reported in court circles.

It was also reported that the transfer of the commanders involved in the 4-F affair has still not been decided. Reportedly, the Directorate of Military Justice of the Ministry of Defense has not made the administrative arrangements, despite the order of the judge handling the case. Together with eight other officers, Chavez Frias and Arias Cardenas continue to be held at the Metropolitan Penitentiary Center of San Francisco de Yare. Authorities of the Ministry of Defense already have scheduled their transfer to new cells in Fort Guaicaipuro in Valles del Tuy.